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 September 30, 2008

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 **(State or Other Jurisdiction of Incorporation or Organization)**	**06-1500476** **(I.R.S. Employer Identification No.)**
12400 High Bluff Drive, Suite 100 **San Diego, California** **(Address of principal executive offices)**	**92130** **(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 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 November 5, 2008, there were 32,574,992 shares of common stock, $0.01 par value, outstanding.

AMN HEALTHCARE SERVICES, INC.

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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)

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,805	$ 18,495
Accounts receivable, net of allowance of $4,567 and $3,605 at September 30, 2008 and December 31, 2007, respectively	191,053	184,741
Prepaid expenses	10,121	9,583
Income taxes receivable	1,103	—
Deferred income taxes, net	28,081	28,084
Other current assets	4,233	2,048
Total current assets	242,396	242,951
Fixed assets, net	24,645	24,600
Deposits and other assets	14,645	11,274
Goodwill, net	252,823	241,266
Intangible assets, net	124,050	113,535
Total assets	$ 658,559	$ 633,626
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	$ 457	$ —
Accounts payable and accrued expenses	28,126	22,231
Accrued compensation and benefits	49,976	43,446
Income taxes payable	—	2,925
Revolving credit facility	36,500	—
Current portion of notes payable	14,949	26,616
Deferred revenue	7,971	7,647
Other current liabilities	14,567	28,018
Total current liabilities	152,546	130,883
Notes payable, less current portion	106,512	120,352
Deferred income taxes, net	68,930	71,092
Other long-term liabilities	55,289	45,099
Total liabilities	383,277	367,426
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value; 200,000 shares authorized; 45,745 and 45,446 shares issued at September 30, 2008 and December 31, 2007, respectively	457	454
Additional paid-in capital	408,142	397,237
Treasury stock, at cost (13,170 and 11,615 shares at September 30, 2008 and December 31, 2007, respectively)	(230,138)	(201,692)
Retained earnings	97,841	71,108
Accumulated other comprehensive loss	(1,020)	(907)
Total stockholders' equity	275,282	266,200
Total liabilities and stockholders' equity	$ 658,559	$ 633,626

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 September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	$ 315,014	$ 300,267	$ 921,298	$ 878,123
Cost of revenue	233,954	220,529	680,245	650,921
Gross profit	81,060	79,738	241,053	227,202
Operating expenses:				
Selling, general and administrative	60,260	55,769	175,480	162,340
Depreciation and amortization	3,770	2,979	10,858	8,465
Total operating expenses	64,030	58,748	186,338	170,805
Income from operations	17,030	20,990	54,715	56,397
Interest expense, net	2,550	3,071	8,021	9,529
Income before income taxes	14,480	17,919	46,694	46,868
Income tax expense	4,985	5,892	19,961	18,912
Net income	$ 9,495	$ 12,027	$ 26,733	$ 27,956
Net income per common share:				
Basic	$ 0.29	$ 0.35	$ 0.79	$ 0.81
Diluted	$ 0.28	$ 0.35	$ 0.78	$ 0.80
Weighted average common shares outstanding:				
Basic	33,269	34,328	33,642	34,562
Diluted	33,894	34,745	34,126	35,098

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
Nine Months Ended September 30, 2008
(Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance, December 31, 2007	45,446	$ 454	$397,237	$(201,692)	$71,108	$ (907)	$266,200
Repurchase of common stock into treasury	—	—	—	(28,446)	—	—	(28,446)
Stock options and stock appreciation rights (SARs) exercised and restricted stock units (RSUs) vested	299	3	3,997	—	—	—	4,000
Income tax shortfall from stock options and SARs exercised and RSUs vested	—	—	(23)	—	—	—	(23)
Stock-based compensation	—	—	6,931	—	—	—	6,931
Comprehensive income (loss):							
Foreign currency translation adjustment	—	—	—	—	—	(116)	(116)
Unrealized gain for derivative financial instruments, net of tax	—	—	—	—	—	3	3
Net income	—	—	—	—	26,733	—	26,733
Total comprehensive income							26,620
Balance, September 30, 2008	45,745	$ 457	$408,142	$(230,138)	$97,841	$ (1,020)	$275,282

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Nine Months Ended September 30,	
	2008	2007
Cash flows from operating activities:		
Net income	$ 26,733	$ 27,956
Adjustments to reconcile net income to net cash provided by operating activities, net of effects from acquisitions:		
Depreciation and amortization	10,858	8,465
Provision for bad debts	3,582	2,124
Non-cash interest expense	1,209	1,236
Provision for deferred income taxes	(2,205)	2,620
Stock-based compensation	6,931	6,220
Excess tax benefit from stock options and SARs exercised and RSUs vested	(86)	(3,303)
Loss on disposal or sale of fixed assets	140	29
Changes in assets and liabilities, net of effects from acquisition:		
Accounts receivable	(1,667)	(2,853)
Income tax receivable	(1,103)	—
Prepaid expenses and other current assets	(2,496)	(468)
Deposits and other assets	(3,753)	(2,358)
Accounts payable and accrued expenses	5,482	1,421
Accrued compensation and benefits	5,863	1,872
Income taxes payable	(2,925)	8,878
Other liabilities	3,329	2,471
Net cash provided by operating activities	49,892	54,310
Cash flows from investing activities:		
Purchase and development of fixed assets	(7,102)	(6,491)
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)	(5,482)
Net cash used in investing activities	(46,428)	(11,973)
Cash flows from financing activities:		
Capital lease repayments	(491)	(472)
Payments on notes payable	(25,507)	(16,703)
Proceeds from revolving credit facility	66,500	—
Payments on revolving credit facility	(30,000)	—
Payment of financing costs	(618)	—
Repurchase of common stock	(28,446)	(18,510)
Proceeds from exercise of equity awards	4,000	2,225
Excess tax benefit from stock options and SARs exercised and RSUs vested	86	3,303
Change in bank overdraft	438	(10,450)
Net cash used in financing activities	(14,038)	(40,607)
Effect of exchange rate changes on cash	(116)	18
Net increase (decrease) in cash and cash equivalents	(10,690)	1,748
Cash and cash equivalents at beginning of period	18,495	4,422
Cash and cash equivalents at end of period	$ 7,805	$ 6,170
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $57 and $180 capitalized during the nine months ended September 30, 2008 and 2007, respectively)	$ 7,152	$ 8,973
Cash paid for income taxes (excluding $0 and $251 cash received during the nine months ended September 30, 2008 and 2007, respectively)	$ 26,890	$ 8,086
Supplemental disclosures of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	$ 64	$ 200
Fair value of tangible assets acquired in acquisition, net of cash received	$ 8,778	$ 1,493
Goodwill	11,557	2,742
Intangible assets	13,960	4,909
Liabilities assumed	(1,173)	(1,421)
Holdback provision	(2,336)	—
Deferred tax liability	—	(2,241)
Net cash paid for acquisitions	$ 30,786	$ 5,482

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

The condensed consolidated balance sheets and related condensed consolidated statements of operations, stockholders' equity and comprehensive income 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, 2007, 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 United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

2. IMMATERIAL CORRECTION OF AN ERROR IN PRIOR PERIODS

During the third quarter of 2008, the Company identified errors related to the income tax deductibility of housing per diem payments provided to certain of the Company's healthcare professionals. These per diem payments were treated as fully deductible for income tax purposes when that position is not considered to be more likely than not under the provisions of FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109.* As a result, the Company's historical income tax provisions and related FIN48 liability balances were misstated. In accordance with Staff Accounting Bulletin (SAB) No. 99, *Materiality*, and No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, management evaluated the materiality of the errors from qualitative and quantitative perspectives, and concluded that the errors were immaterial to the prior periods, but that its correction in the third quarter of 2008 would be material to the quarter. Consequently, the Company will revise its historical financial statements for fiscal 2006, fiscal 2007, the quarters within fiscal 2007, and the first and second quarters of fiscal 2008, when they are published again in future filings. The Company will recognize the cumulative effect of the error on periods prior to those that will be presented in future filings by adjusting other current liabilities, other long-term liabilities and retained earnings by $2.8 million, $7.2 million and $10.0 million, respectively, as of January 1, 2006.

The following table represents a summary of the effects of the immaterial error correction on the condensed consolidated balance sheet for the period indicated (unaudited and in thousands):

	As of December 31, 2007		
	As previously Reported	Adjustments	Adjusted
Other current liabilities	$ 25,691	$ 2,327	$ 28,018
Total current liabilities	$ 128,556	$ 2,327	$130,883
Other long-term liabilities	$ 37,498	$ 7,601	$ 45,099
Total liabilities	$ 357,498	$ 9,928	$367,426
Retained earnings	$ 81,036	$ (9,928)	$ 71,108
Total stockholders' equity	$ 276,128	$ (9,928)	$266,200

The following tables represent a summary of the effects of the immaterial error correction on the condensed consolidated statements of operations for the periods indicated (unaudited and in thousands, except per share amounts):

	Three Months Ended March 31, 2008			Three Months Ended June 30, 2008		
	As previously Reported	Adjustments	Adjusted	As previously Reported	Adjustments	Adjusted
Income tax expense	$ 6,675	$ 792	$ 7,467	$ 6,656	$ 852	$ 7,508
Net income	$ 9,516	$ (792)	$ 8,724	$ 9,367	$ (852)	$ 8,515
Net income per common share:						
Basic	$ 0.28	$	$ 0.26	$ 0.28	$	$ 0.25
Diluted	$ 0.28	$	$ 0.26	$ 0.27	$	$ 0.25

	Twelve Months Ended December 31, 2007			Twelve Months Ended December 31, 2006		
	As previously Reported	Adjustments	Adjusted	As previously Reported	Adjustments	Adjusted
Income tax expense	$ 24,252	$ 151	$24,403	$ 21,675	$ (244)	$21,431
Net income	$ 36,532	$ (151)	$36,381	$ 35,091	$ 244	$35,335
Net income per common share:						
Basic	$ 1.06	$	$ 1.06	$ 1.07	$	$ 1.08
Diluted	$ 1.05	$	$ 1.04	$ 1.02	$	$ 1.02

	Three Months Ended March 31, 2007			Three Months Ended June 30, 2007		
	As previously Reported	Adjustments	Adjusted	As previously Reported	Adjustments	Adjusted
Income tax expense	$ 5,297	$ 611	$ 5,908	$ 6,212	$ 900	$ 7,112
Net income	$ 8,194	$ (611)	$ 7,583	$ 9,246	$ (900)	$ 8,346
Net income per common share:						
Basic	$ 0.24	$	$ 0.22	$ 0.27	$	$ 0.24
Diluted	$ 0.23	$	$ 0.21	$ 0.26	$	$ 0.24

	Three Months Ended September 30, 2007			Three Months Ended December 31, 2007		
	As previously Reported	Adjustments	Adjusted	As previously Reported	Adjustments	Adjusted
Income tax expense	$ 7,831	$ (1,939)	$ 5,892	$ 4,912	$ 579	$ 5,491
Net income	$ 10,088	$ 1,939	$12,027	$ 9,004	$ (579)	$ 8,425
Net income per common share:						
Basic	$ 0.29	$	$ 0.35	$ 0.27	$	$ 0.25
Diluted	$ 0.29	$	$ 0.35	$ 0.26	$	$ 0.25

	Nine Months Ended September 30, 2007		
	As previously Reported	Adjustments	Adjusted
Income tax expense	$ 19,340	$ (428)	$18,912
Net income	$ 27,528	$ 428	$27,956
Net income per common share:			
Basic	$ 0.80	$	$ 0.81
Diluted	$ 0.78	$	$ 0.80

Cash flows from operating, investing and financing activities for the above periods were not impacted by this immaterial correction of an error. However, net income was revised as shown above with an offset to other liabilities caption within operating activities.

3. STOCK-BASED COMPENSATION

The Company adopted the provisions of Financial Accounting Standards Board ("FASB") revised Statement of Financial Accounting Standards No. 123 ("SFAS No. 123R"), *Share-Based Payment*, on January 1, 2006. 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.

Stock Options and Stock Appreciation Rights

Stock-based compensation expense for the nine months ended September 30, 2008 and September 30, 2007 for stock appreciation rights ("SARs") granted was estimated at the date of grant using the Black-Scholes valuation model based on the following assumptions:

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Expected term	3.9 years	3.8 years
Risk-free interest rate	2.5%	4.5%
Volatility	30%	31%
Dividend yield	0%	0%

The weighted average grant date fair value of the 605,000 SARs granted during the nine months ended September 30, 2008 was $4.37 per SAR, and the weighted average grant date fair value of SARs granted during the nine months ended September 30, 2007 was $7.41 per SAR. As of September 30, 2008, there was $4.9 million 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 1.7 years.

The following table summarizes stock options and SARs activity for the nine months ended September 30, 2008:

	Number of Awards (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2008	3,080	$ 17.22		
Granted	605	$ 16.21		
Exercised	(301)	$ 13.65		
Cancelled/forfeited/expired	(310)	$ 21.85		
Outstanding at September 30, 2008	3,074	$ 16.91	6.9	$ 6,026
Exercisable at September 30, 2008	1,970	$ 16.42	5.9	$ 4,721

Restricted Stock Units

Restricted stock units ("RSUs"), granted under the Company's Equity Plan, 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 nine months ended September 30, 2008:

	Number of Awards (in thousands)	Weighted Average Grant Date Fair Value
Unvested at January 1, 2008	408	$ 21.94
Granted	388	$ 16.31
Vested	(15)	$ 22.04
Cancelled/forfeited/expired	(46)	$ 20.64
Unvested at September 30, 2008	735	$ 19.04

As of September 30, 2008, there was $9.0 million 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.

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 nine month periods ended September 30, 2008 and 2007, in accordance with SFAS No. 123R (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Stock-based employee compensation, before tax	$ 2,426	$ 2,266	$ 6,931	$ 6,220
Related income tax benefit	(929)	(990)	(2,794)	(2,563)
Stock-based employee compensation, net of tax	$ 1,497	$ 1,276	$ 4,137	$ 3,657

For the nine months ended September 30, 2008 and 2007, the adoption of SFAS No. 123R resulted in cash flows from financing activities of $86,000 and $3,303,000, respectively, for excess tax benefits related to equity awards exercised and vested during the period.

4. NET INCOME PER COMMON SHARE

Basic net income per common share is calculated by dividing net income 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 common stock-based equity instruments.

Stock-based awards to purchase 1,218,000 and 1,394,000 shares for the three and nine month periods ended September 30, 2008, respectively, and 1,488,000 and 712,000 shares for the three and nine month periods ended September 30, 2007, respectively, were not included in the calculations of diluted net income 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 per common share for the three and nine month periods ended September 30, 2008 and 2007 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	$ 9,495	$12,027	$26,733	$27,956
Weighted average common shares outstanding—basic	33,269	34,328	33,642	34,562
Net income per common share—basic	$ 0.29	$ 0.35	$ 0.79	$ 0.81
Weighted average common shares outstanding—basic	33,269	34,328	33,642	34,562
Plus dilutive equity instruments	625	417	484	536
Weighted average common shares outstanding—diluted	33,894	34,745	34,126	35,098
Net income per common share—diluted	$ 0.28	$ 0.35	$ 0.78	$ 0.80

5. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

As of September 30, 2008 and December 31, 2007, the Company had the following intangible assets (in thousands):

	September 30, 2008			December 31, 2007		
	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	$ (1,176)	$ 1,254	$ 1,890	$ (752)	$ 1,138
Customer relationships	36,400	(7,302)	29,098	34,100	(5,166)	28,934
Tradenames and trademarks	13,551	(1,147)	12,404	2,711	(565)	2,146
Noncompete agreements	1,430	(651)	779	1,110	(442)	668
Acquired technology	800	(217)	583	800	(98)	702
Online courses	59	(27)	32	59	(12)	47
	$ 54,670	$ (10,520)	$ 44,150	$ 40,670	$ (7,035)	$ 33,635
Intangible assets not subject to amortization:						
Goodwill (1)	$ 263,275	$ (10,452)	$ 252,823	$ 251,718	$ (10,452)	$ 241,266
Tradenames and trademarks	79,900	—	79,900	79,900	—	79,900
	$ 343,175	$ (10,452)	$ 332,723	$ 331,618	$ (10,452)	$ 321,166

(1) Goodwill accumulated amortization represents amortization expense recorded prior to the Company's adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002.

The increase in the gross amounts of goodwill and intangible assets of $11,557,000 and $14,000,000, respectively, during the nine month period ended September 30, 2008, was primarily due to the asset acquisition of Platinum Select, L.P. ("Platinum Select Staffing") in February 2008. The increase in the gross amounts of goodwill and intangible assets were recorded in the Company's nurse and allied healthcare staffing segment.

Aggregate amortization expense for the intangible assets presented in the above table was $1,204,000 and $959,000 for the three months ended September 30, 2008 and 2007, respectively and $3,485,000 and $2,552,000 for the nine months ended September 30, 2008 and 2007, respectively. Estimated future aggregate amortization expense of intangible assets as of September 30, 2008 is as follows (in thousands):

	Amount
Three months ending December 31, 2008	$ 1,205
Year ending December 31, 2009	4,809
Year ending December 31, 2010	4,613
Year ending December 31, 2011	3,788
Year ending December 31, 2012	3,441
Thereafter	26,294
	$ 44,150

6. SEGMENT INFORMATION

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes annual and interim reporting standards for an enterprise’s operating segments and related disclosures about its products, services, geographic areas and major customers. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenue and incur expenses, and for which discrete financial information is regularly evaluated by the chief operating decision maker in deciding how to allocate resources and assess performance.

The Company provides hospital and healthcare facilities with temporary staffing for physicians, nurses and allied healthcare professionals and physician permanent placement services through the use of several brand names, each having their own marketing and supply distinction. The Company’s operating segments are identified in the same manner as they are reported internally and used by the Company’s chief operating decision maker for the purposes of evaluating performance and allocating resources.

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 and stock-based compensation expense. Management believes that segment operating income is an appropriate measure of evaluating the operational performance of the Company’s segments. However, this measure should be considered in addition to, not as a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with generally accepted accounting principles in the United States. 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 information in the following table is derived from the segments’ internal financial information as used for corporate management purposes.

The following table provides a reconciliation of revenue and segment operating income by reportable segment to consolidated results (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue				
Nurse and allied healthcare staffing	$ 217,107	$ 204,083	$ 636,434	$ 605,380
Locum tenens staffing	85,331	83,004	245,541	234,346
Physician permanent placement services	12,576	13,180	39,323	38,397
	$ 315,014	$ 300,267	$ 921,298	$ 878,123
Segment Operating Income				
Nurse and allied healthcare staffing	$ 13,776	$ 15,674	$ 45,949	$ 43,040
Locum tenens staffing	6,687	7,555	16,589	18,613
Physician permanent placement services	2,763	3,006	9,966	9,429
	23,226	26,235	72,504	71,082
Depreciation and amortization	3,770	2,979	10,858	8,465
Stock-based compensation	2,426	2,266	6,931	6,220
Interest expense, net	2,550	3,071	8,021	9,529
Income before income taxes	$ 14,480	$ 17,919	$ 46,694	$ 46,868

7. ACQUISITIONS

On February 15, 2008, the Company acquired substantially all of the assets of Platinum Select Staffing, a national travel allied staffing firm. The strategic combination has further broadened the type of services the Company offers. The total initial purchase price was $33.3 million, which included $30.4 million cash consideration, $2.3 million cash holdback, $0.4 million of direct transaction costs and $0.2 million excess net working capital payable. The acquisition agreement also provides for a contingent earn-out payment up to $17.0 million to be paid in 2009, if certain annual financial goals are met. The allocation of the purchase price consisted of $7.8 million of net tangible assets acquired, $11.5 million of goodwill and $14.0 million of identified intangible assets. The intangible assets included the fair value of trademarks, tradenames, customer relationships, non-compete agreements and staffing databases. The weighted average useful life of the acquired intangible assets subject to amortization is approximately 17 years. The goodwill was allocated to the Company’s nurse and allied healthcare staffing segment. The acquisition was recorded using the purchase method of accounting. The results of operations of Platinum Select Staffing are included in the nurse and allied healthcare staffing segment in the Company’s consolidated financial statements from the acquisition date.

In April 2008, in connection with the acquisition of The MHA Group, Inc. (“MHA”) in November 2005, the Company made a cash payment of $8.5 million to the selling shareholders representing a portion of the holdback of the initial purchase price. As of September 30, 2008, the Company’s remaining holdback liability in connection with MHA was $4.7 million, which is included in other long-term liabilities in the accompanying condensed consolidated balance sheet.

8. FAIR VALUE MEASUREMENT

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS No. 157”). SFAS No. 157 introduces a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. SFAS No. 157 for financial assets and liabilities is effective for fiscal years beginning after November 15, 2007. The Company has adopted the standard for those assets and liabilities as of January 1, 2008

and the impact of adoption was not significant. In November 2007, the FASB placed a one year deferral for the implementation of SFAS No. 157 for nonfinancial assets and liabilities. Accordingly, the Company will adopt the methods of fair value described in SFAS No. 157 for nonfinancial assets and liabilities on January 1, 2009.

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.

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 September 30, 2008, 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, which is recorded in deposits and other assets in the accompanying condensed balance sheet as of September 30, 2008, 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 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.

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

	Fair Value Measurements as of September 30, 2008			
	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	$1,401	$ 1,401	$ —	$ —
Interest rate swap	$ 12	$ —	$ 12	$ —
	$1,413	$ 1,401	$ 12	$ —
Financial Liabilities:				
Interest rate swaps	$1,061	$ —	$ 1,061	$ —
	$1,061	$ —	$ 1,061	$ —

9. INTEREST RATE SWAP AGREEMENTS

In addition to the Company's two existing interest rate swap agreements, in July 2008, the Company entered into five additional interest rate swap agreements for notional amounts of $10.0 million each, whereby the Company pays fixed rates ranging from 3.20% to 4.33% under these agreements and receives a floating three- month LIBOR. Three of the agreements became effective in September 2008, and the remaining two will become

effective in December 2009. These agreements expire beginning June 2009 through September 2010. No initial investments were made to enter into these agreements.

10. REVOLVING CREDIT FACILITY

Amounts available under the Company's revolving credit facility may be used for working capital, capital expenditures, permitted acquisitions and general corporate purposes, subject to various limitations. At September 30, 2008, there was $36.5 million outstanding under the Company's revolving credit facility. At December 31, 2007, the Company had no borrowings outstanding under its revolving credit facility.

11. STOCK REPURCHASE

The Company's Board has authorized the repurchase of up to $38.0 million of its outstanding common stock in the open market through March 31, 2009. Under the repurchase authorization, share purchases may be made from time to time, beginning in the second quarter of 2008, depending on prevailing market conditions and other considerations. During the nine months ended September 30, 2008, the Company repurchased 1,554,600 shares of its common stock at an average price of $18.30 per share, resulting in an aggregate purchase price of $28.4 million. As of September 30, 2008, the remaining approximate dollar value that may be purchased under the authorization is approximately $9.6 million. Subsequent to September 30, 2008, the Company has not repurchased additional outstanding common stock in the open market.

In connection with the stock repurchase program, effective May 2, 2008, the Company entered into a Third Amendment (the "Third Amendment") to its Second Amended and Restated Credit Agreement (the "Credit Agreement") dated November 2, 2005. The Third Amendment provides that the Company may repurchase its common stock in an aggregate cash amount not to exceed $50.0 million, provided that no default or event of default exists either before or after giving effect to such repurchase payment and such repurchase occurs on or before March 31, 2009. The Third Amendment also modified the Company's existing $15.0 million borrowing capacity, by changing the type of debt from unsecured to secured (subject to certain conditions) and increased the annual capital expenditure limit to $15.0 million. Additionally, the Company incurred an amendment fee of $0.6 million, which was deferred and is being be amortized using the effective interest method over the remaining term of the credit facility.

12. CONTINGENT LIABILITIES

The Company is subject to various claims and legal actions in the ordinary course of business. Some of these matters include tax, payroll and employee-related matters and investigations by governmental agencies regarding employment practices. As the Company becomes aware of such claims and legal actions, the Company provides accruals if the exposures are probable and estimable. If an adverse outcome of such claims and legal actions is reasonably possible, the Company assesses materiality and provides disclosure, as appropriate.

Staff Care, Inc., an indirect wholly owned subsidiary of the Company, is the subject of an assessment by the California Employment Development Department ("EDD") with respect to the payment of certain payroll related taxes, in connection with its locum tenens and allied providers, for the period between April 1, 2001 and June 30, 2007. The Company has appealed the EDD's assessment, but on September 5, 2008 the Company made a payment to the EDD in the amount of $2.3 million to cease the accrual of interest while the appeal is pending. Of the $2.3 million payment, $1.8 million was related to the periods prior to the MHA acquisition in November 2005 and $0.5 million was related to the post-acquisition period. The $1.8 million related to the pre-acquisition period is fully indemnified by the former MHA selling shareholders, and the Company has retained a holdback of $4.7 million for such pre-acquisition contingency matters, which is recorded in other long-term liabilities in the accompanying condensed balance sheet as of September 30, 2008. There is potential exposure subsequent to the EDD assessment period, but the Company believes the exposure to be immaterial to its consolidated financial statements.

During the quarter ended September 30, 2008, the Company received a claim from several former employees at Rx Pro Health, an indirect wholly owned subsidiary of the Company, for which the Company has established a liability of $1.0 million, which has been recorded in accrued expenses in the accompanying condensed consolidated balance sheet.

The Company is currently not aware of any other pending or threatened litigation that would be considered reasonably likely to have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

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, 2007. 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 the largest nationwide provider of travel nurse and allied staffing services, locum tenens (temporary physician staffing) and physician permanent placement, 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, radiology imaging facilities, dialysis clinics and pharmacies throughout the United States.

Physicians, nurses and allied healthcare professionals join us on temporary assignments for a wide variety of reasons that include: seeking flexible work opportunities, exploring different areas of the country and diverse practice settings, building clinical skills and experience by working at prestigious healthcare facilities, avoiding the demands and political environment of working as permanent staff, working through life and career transitions, and as a means of access into a permanent staff position with our clients.

Our hospital and healthcare facility clients utilize our temporary staffing services to cost-effectively manage both short and long-term shortages in their staff due to a variety of circumstances such as a lack of qualified, specialized local healthcare professionals, attrition, leave schedules, new unit openings, seasonal patient census variations and to identify candidates for permanent positions. In addition to providing continuity of care and quality patient care, we believe hospitals, healthcare facilities and other clients contract with us due to our access to a large national network of quality temporary and permanent healthcare professionals, our ability to meet their specific staffing needs, our flexible staffing assignment lengths and our reliable and superior customer service.

The demand and overlap of clients seeking physicians for both temporary and permanent placement assignments provide us an opportunity to cross-sell our physician permanent placement services. The physician permanent placement market has solid growth potential due to client demand for physicians that enable our clients to generate revenue. Physicians are significant drivers of revenue, influencing many hospitals, healthcare facilities and physician practice groups to devote the resources necessary to recruit them. While this demand creates significant competition for a limited supply of physicians, our national reach and brand recognition positions us well in this environment.

Our staffing and recruitment services are marketed to two distinct customer groups: (1) healthcare professionals and (2) hospitals, physician practice groups and other healthcare centers. We use distinct brands to market our differentiated services throughout the healthcare staffing spectrum.

We use a multi-brand recruiting strategy to enhance our ability to successfully attract healthcare professionals in the United States and internationally. We market our staffing opportunities to healthcare professionals under recruitment brands including American Mobile Healthcare®, Medical Express℠, NurseChoice®, NursesRx®, Preferred Healthcare Staffing®, Med Travelers℠, Platinum Select Staffing℠, Rx Pro Health℠, RN Demand®, O'Grady Peyton International®, Staff Care® and Merritt, Hawkins & Associates®. Each brand has a distinct clinician focus, market strength and brand reputation.

As of September 30, 2008, we had temporary healthcare professionals on assignment at approximately 3,000 different healthcare facility clients. We provide staffing services mainly to acute-care and sub-acute

healthcare facilities, physician groups, dialysis centers, clinics, radiology imaging facilities and retail and mail-order pharmacies. We market our travel nursing services to hospitals and healthcare facilities generally under one brand, AMN Healthcare®, as a single staffing provider with access to healthcare professionals from several nurse recruitment brands. We market our locum tenens and physician permanent placement services under the brand names Staff Care and Merritt, Hawkins & Associates, respectively, and market our allied healthcare staffing services to hospitals and healthcare professionals under the brand names Med Travelers, Platinum Select Staffing and Rx Pro Health. Rx Pro Health is a pharmacy staffing company that we acquired in May 2007, and Platinum Select Staffing is an allied healthcare staffing company, whose assets we acquired in February 2008.

Our large number of hospital, healthcare facility and other clients provides us with the opportunity to offer temporary positions typically in all 50 states and in a variety of work environments and clinical settings. In addition, we provide our temporary healthcare professionals with an attractive benefit package that may include free or subsidized housing, free or reimbursed travel, competitive wages, professional development opportunities, professional liability insurance, and, for employed professionals, a 401(k) plan and health insurance. We believe that we attract temporary healthcare professionals due to our long-standing reputation for providing a high level of service, our numerous job opportunities, our benefit packages, our innovative marketing programs and word-of-mouth referrals from our thousands of current and former healthcare professionals.

Our clients include hospitals and healthcare systems such as Georgetown University Hospital, HCA, NYU Medical Center, Stanford Health Care, UCLA Medical Center, The University of Chicago Hospitals, and Mayo Health System. We also provide services to government facilities, sub-acute healthcare facilities, physician practice groups, dialysis centers, clinics, imaging facilities and pharmacies.

For the three months ended September 30, 2008, we recorded revenue of $315.0 million, as compared to revenue of $300.3 million for the three months ended September 30, 2007. We recorded net income of $9.5 million for the three months ended September 30, 2008, as compared to net income of $12.0 million for the three months ended September 30, 2007. For the nine months ended September 30, 2008, we recorded revenue of $921.3 million, as compared to revenue of $878.1 million for the nine months ended September 30, 2007. We recorded net income of $26.7 million for the nine months ended September 30, 2008, as compared to net income of $28.0 million for the nine months ended September 30, 2007.

Recent Trends

In September 2008, Staffing Industry Analysts (“SIA”) released revised growth estimates of U.S. temporary healthcare staffing industry revenues. SIA now expects the industry revenue, which includes per diem nurse staffing which is a market segment in which we do not participate, to grow by 3.5% in 2008 to $11.7 billion, slightly less than its previous estimate. Industry revenue estimates for 2008 for the markets in which we provide temporary healthcare staffing services are $2.4 billion for travel nursing, $1.9 billion for locum tenens and $3.4 billion for allied healthcare.

Our nurse and allied healthcare staffing segment, our largest reporting segment, experienced a strong demand and tight supply environment during 2005 and early 2006. During 2007 and continuing into 2008, this segment experienced lower demand. The lower demand was driven by several factors, including hospital admission levels, budget concerns given the soft economic environment, and some hospitals’ 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 workers. We believe that the increased role played by vendor management service companies in our industry may also be affecting demand and revenues, through tightening pricing and impacting our client relationships and client loyalty.

We recruit a small percentage of nurses from international channels through our O’Grady Peyton International (“OGP”) brand to meet our facility clients’ long-term staffing needs. Revenue from OGP comprises about 3% of our consolidated revenue. Our continued utilization of this international supply channel is reliant

upon an increase or exemption from current permanent immigrant visa quotas. Since late 2006, the number of permanent immigrant visas available for nurses overseas has been limited as a result of these quotas, which has constricted our ability to place any new international travelers on assignment. Federal legislation has been introduced that, if passed, would have the effect of increasing the permanent visas available for nurses.

Locum tenens physicians are used by hospitals, healthcare facilities and physician practice groups to fill temporary vacancies created by vacations and leave schedules, and increasingly, to bridge the gap while these clients seek permanent candidates. SIA estimated that the locum tenens market will continue to be the fastest-growing segment of the healthcare staffing industry in 2008. While demand remains solid, we believe it is tempered by general economic conditions.

While our services are not directly paid by Medicare, we have experience reduced demand for radiologists and radiology imaging professionals due to changes in Medicare reimbursement for these services. We have incurred additional bad debt expenses as a result of the negative impact these Medicare changes have had on certain clients in the radiology sector.

Critical Accounting Principles and Estimates

We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements. The preparation of our financial statements in conformity with United States generally accepted accounting principles requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to asset impairment, accruals for self-insurance and compensation and related benefits, accounts receivable, contingencies and litigation, valuation and recognition of share-based payments and income taxes. We state these accounting policies in the notes to the audited financial statements for the year ended December 31, 2007, contained in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and in relevant sections in this management’s discussion and analysis. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions.

We believe that the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements:

Goodwill and Intangible Assets

We have recorded goodwill and other indefinite lived intangible assets resulting from our past acquisitions. Commencing with the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, we ceased amortizing goodwill and have performed annual impairment analyses each year to assess the recoverability of the goodwill and other indefinite lived intangible assets, in accordance with the provisions of SFAS No. 142. We performed the most recent annual impairment test on October 31, 2007 and determined there was no impairment. No events have occurred subsequent to October 31, 2007 that indicate impairment may have occurred.

SFAS No. 142 also requires that intangible assets with estimable useful lives continue to be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. In accordance with the provisions of SFAS No. 144, we analyze our amortizable intangible assets for impairment annually as well as whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If we are required to record an impairment charge in the future, it could have an adverse impact on our results of operations.

Professional Liability Reserve

We maintain an accrual for professional liability self-insured retention limits, which is included in accounts payable and accrued expenses and other long term liabilities in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends, loss reserves established by our insurance carriers, management and third party administrators, as well as through the use of independent actuarial studies. We obtain updated actuarial studies on a regular basis that use our historical claims data and industry data to determine the appropriate reserves for incurred, but not reported, professional liability claims for each year. For the nurse and allied healthcare staffing segment, reserves for reported claims are based upon loss reserves established by management and our third party administrators. For the locum tenens staffing segment, reserves for reported claims are based upon the actual studies of historical claims data and industry data.

Self-Insured Health Insurance Claims Reserve

We maintain an accrual for self-insured health benefits we provide to our corporate employees and temporary nurse and allied healthcare professionals, which is included in accrued compensation and benefits in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends related to both health insurance claims and payments, information provided to us by our insurance broker and third party administrator and industry experience and trends. If such information indicates that our accruals are overstated or understated, we reduce or provide for additional accruals. Our accrual is based on (i) a monthly average of our actual historical health insurance claim amounts and (ii) the average period of time from the date the claim is incurred to the date that it is reported to us and paid. We believe this is the best estimate of the amount of incurred, but not reported, self-insured health benefit claims. Historically, our accrual for health insurance has been adequate to provide for incurred claims and has fluctuated with increases or decreases in the average number of plan participants, changes in our claims experience and changes in the reporting and payment processing time for claims.

Workers Compensation Reserve

We maintain an accrual for workers compensation self-insured retention limits, which is included in accrued compensation and benefits and other long term liabilities in our consolidated balance sheets. We determine the adequacy of these accruals by evaluating our historical experience and trends, loss reserves established by our insurance carriers and third party administrators, as well as through the use of independent actuarial studies. We obtain updated actuarial studies on a semi-annual basis that use our payroll and actual claims data, as well as industry data, to determine the appropriate reserve both for reported claims and incurred, but not reported, claims for each policy year. The actuarial study for workers compensation provides us with the estimated losses for prior policy years and an estimated percentage of payroll compensation to be accrued for the current year. We record our accruals based on the amounts provided in the actuarial study, and we believe this is the best estimate of our liability for reported claims and incurred, but not reported, claims.

Accounts Receivable

Accounts receivable are recorded at the invoiced amount and are non-interest bearing. We maintain an allowance for doubtful accounts for estimated credit losses resulting from collection risks, including the inability of our customers to make required payments. This results in a provision for bad debt expense. The allowance for doubtful accounts is reported as a reduction of accounts receivable in our consolidated balance sheets. We determine the adequacy of this allowance by evaluating historical delinquency and write-off trends, the financial condition and credit risk and histories of each customer, historical payment trends and current economic conditions. If the financial condition of our customers deteriorates, resulting in an impairment of their ability to make payments, additional allowances would be provided.

Contingent Liabilities

We are subject to various claims and legal actions in the ordinary course of our business. Some of these matters include tax, payroll and employee-related matters and investigations by governmental agencies regarding

our employment practices. As we become aware of such claims and legal actions, we establish reserves if the exposures are probable and estimable. If an adverse outcome of such claims and legal actions is reasonably possible, we assess materiality and provide disclosure, as appropriate.

Staff Care, Inc., an indirect wholly owned subsidiary of the Company, is the subject of an assessment by the California Employment Development Department ("EDD") with respect to the payment of certain payroll related taxes, in connection with our locum tenens and allied providers, for the period between April 1, 2001 and June 30, 2007. We have appealed the EDD's assessment, but on September 5, 2008 we made a payment to the EDD in the amount of $2.3 million to cease the accrual of interest while the appeal is pending. Of the $2.3 million payment, $1.8 million was related to periods prior to the MHA acquisition in November 2005 and $0.5 million was related to the post-acquisition period. The $1.8 million related to the pre-acquisition period is fully indemnified by the former MHA selling shareholders, and we retain a holdback of $4.7 million for such pre-acquisition contingency matters, which is recorded in other long-term liabilities in the accompanying condensed consolidated balance sheet as of September 30, 2008. There is potential exposure subsequent to the assessment period, but we believe the exposure to be immaterial to our consolidated financial statements.

During the quarter ended September 30, 2008, we received a claim from several former employees at Rx Pro Health, an indirect wholly owned subsidiary of the Company, for which we have established a liability of $1.0 million, which has been recorded in accrued expenses in the accompanying condensed consolidated balance sheet.

We currently are not aware of any other pending or threatened litigation that would be considered reasonably likely to have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Share-Based Payments

Effective January 1, 2006, we adopted the provisions of revised SFAS No. 123 ("SFAS No. 123R"), *Share-Based Payment*, which established accounting for share-based awards exchanged for employee services and requires companies to expense the estimated fair value of these awards over the requisite employee service period. Accordingly, stock-based compensation cost is measured at grant date, based on the fair value of the award, and is recognized as expense over the employee's requisite service period. The measurement of stock based compensation cost is based on several criteria including, but not limited to, the valuation model used and associated input factors such as expected term of the award, our stock price volatility, dividend rate, risk free interest rate and award forfeiture rate. The input factors to be used in the valuation model are based on subjective future expectations combined with management judgment. We estimate the fair value of stock options and stock appreciation rights granted using the Black-Scholes valuation model and the assumptions shown in Note 2 to the accompanying condensed consolidated financial statements. We use historical data to estimate pre-vesting equity award forfeitures and record stock-based compensation expense only for those awards that are expected to vest. We estimate the expected term, dividend yield and risk-free interest rate assumptions consistent with the methodologies used prior to January 1, 2006. After consideration of both our implied volatility and historical volatility, we determined our historical volatility to be the most accurate estimate of future volatility and therefore utilize this measure. The fair value of equity awards granted is amortized on a straight-line basis over the requisite service periods of the awards, which are the vesting periods. If factors change, we may decide to use different assumptions under the Black-Scholes valuation model in the future, which could materially affect our net income and earnings per share.

Income Taxes

SFAS No. 109, *Accounting for Income Taxes*, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of

events that have been recognized in an entity's financial statements or tax returns. Accruals for uncertain tax positions are provided for in accordance with the requirements of FASB Interpretation No. 48 ("FIN 48") *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*. Under FIN 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and income tax disclosures. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Variations in the actual outcome of these future tax consequences could materially impact our financial position, results of operations, or cash flows.

Results of Operations

The following table sets forth, for the periods indicated, certain condensed consolidated statements of operations data as a percentage of our revenue. Our results of operations include three reportable segments: (1) nurse and allied healthcare staffing; (2) locum tenens staffing; and (3) physician permanent placement services. Our historical results are not necessarily indicative of our results of operations to be expected in the future.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	74.3	73.4	73.8	74.1
Gross profit	25.7	26.6	26.2	25.9
Selling, general and administrative	19.1	18.6	19.0	18.5
Depreciation and amortization	1.2	1.0	1.2	1.0
Income from operations	5.4	7.0	6.0	6.4
Interest expense, net	0.8	1.0	0.9	1.1
Income before income taxes	4.6	6.0	5.1	5.3
Income tax expense	1.6	2.0	2.2	2.2
Net income	3.0%	4.0%	2.9%	3.1%

Comparison of Results for the Three Months Ended September 30, 2008 to the Three Months Ended September 30, 2007

Revenue. Revenue increased 5%, to $315.0 million for the three months ended September 30, 2008 from $300.3 million for the same period in 2007, primarily due to pricing increases combined with volume growth in the locum tenens staffing segment and the acquisition of Platinum Select Staffing in February 2008 in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment revenue increased 6%, to $217.1 million for the three months ended September 30, 2008 from $204.1 million for the same period in 2007. Of the $13.0 million increase, $3.8 million was attributable to the increase in revenue generated per temporary healthcare professional due primarily to an increase in the average bill rates charged to hospital and healthcare facility clients, $0.4 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and $14.1 million was attributable to the acquisition of Platinum Select Staffing in February 2008. The increases were partially offset by a $5.3 million decrease primarily attributable to a decrease in the average number of temporary healthcare professionals on assignment mainly in our OGP division.

Locum tenens staffing segment revenue increased 3%, to $85.3 million for the three months ended September 30, 2008 from $83.0 million for the same period in 2007. Of the $2.3 million increase, $2.3 million was attributable to an increase in the number of days filled by healthcare professionals during the three months ended September 30, 2008, and $1.9 million was attributable to increases in the average bill rate billed to clients. These increases were partially offset by a $1.9 million decrease due to a shift in the mix of specialties worked.

Physician permanent placement services segment revenue decreased 5%, to $12.6 million for the three months ended September 30, 2008 from $13.2 million for the same period in 2007.

Cost of Revenue. Cost of revenue increased 6%, to $234.0 million for the three months ended September 30, 2008 from $220.5 million for the same period in 2007, primarily due to an increase in the compensation and housing costs provided to the healthcare professionals and the acquisition of Platinum Select Staffing in February 2008.

Nurse and allied healthcare staffing segment cost of revenue increased 7%, to $166.0 million for the three months ended September 30, 2008 from $154.7 million for the same period in 2007. Of the $11.3 million increase, $4.3 million was attributable to net increases in compensation, primarily related to wages and travel costs provided to our temporary healthcare professionals, $0.3 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and $10.7 million was attributable to the acquisition of Platinum Select Staffing in February 2008. The increases were partially offset by a $4.0 million decrease attributable to a decrease in the average number of temporary healthcare professionals on assignment, excluding the impact from the acquisition of Platinum Select Staffing.

Locum tenens staffing segment cost of revenue increased 3%, to $62.7 million for the three months ended September 30, 2008 from $60.6 million for the same period in 2007. Of the $2.1 million increase, $1.9 million was attributable to an increase in the average daily rate paid to the healthcare professionals and $1.7 million was attributable to an increase in the number of days filled by healthcare professionals during the three months ended September 30, 2008. These increases were partially offset by a $1.5 million decrease due to a shift in the mix of physician specialties worked.

Physician permanent placement services segment cost of revenue increased 2%, to $5.3 million for the three months ended September 30, 2008 from $5.2 million for the same period in 2007.

Gross Profit. Gross profit increased 2%, to $81.1 million for the three months ended September 30, 2008 from $79.7 million for the same period in 2007, representing gross margins of 25.7% and 26.6%, respectively. Gross margin by reportable segment for the three months ended September 30, 2008 and 2007 was 23.6% and 24.2% for nurse and allied healthcare staffing, 26.6% and 27.0% for locum tenens staffing and 57.5% and 60.2% for physician permanent placement services, respectively. The decrease in the nurse and allied healthcare staffing segment gross margin was primarily attributable to the retraction of the higher margin international business from our OGP division combined with an increase in our pay-to-bill spread and travel costs. The decrease in the locum tenens staffing segment gross margin was primarily attributable to an increase in housing costs and a shift in the mix of specialties worked.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 8%, to $60.3 million for the three months ended September 30, 2008 from $55.8 million for the same period in 2007. Of the $4.5 million increase, $2.4 million was attributable to the acquisition of Platinum Select Staffing in February 2008, $0.6 million and $1.0 million were attributable to restructuring and legal costs, respectively, associated with Rx Pro Health, and the remaining increase was primarily attributable to increases in professional liability insurance and employee expenses. The increases were partially offset by decreases in office and international operations expenses. Selling, general and administrative expenses by reportable segment for the three months ended September 30, 2008 and 2007, respectively, were $39.5 million and $35.7 million for nurse and allied healthcare staffing, $16.1 million and $15.0 million for locum tenens staffing and $4.7 million and $5.1 million for physician permanent placement services.

Depreciation and Amortization Expenses. Amortization expense increased 20%, to $1.2 million for the three months ended September 30, 2008 from $1.0 million for the same period in 2007, primarily attributable to the amortization of identifiable amortizable intangible assets acquired through the acquisition of Platinum Select in February 2008. Depreciation expense increased to $2.6 million for the three months ended September 30, 2008 from $2.0 million for the same period in 2007, primarily attributable to additional internally developed software.

Interest Expense, Net. Interest expense, net, was $2.6 million for the three months ended September 30, 2008 as compared to $3.1 million for the same period in 2007. The $0.5 million decrease was primarily attributable to lower average debt outstanding balance for the three months ended September 30, 2008 as compared to the same period in 2007.

Income Tax Expense. Income tax expense decreased to $5.0 million for the three months ended September 30, 2008 from $5.9 million for the same period in 2007, reflecting effective income tax rates of 34.4% and 32.9% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to the timing of certain income tax exposure accruals recorded during the three months ended September 30, 2008 as compared to 2007.

Comparison of Results for the Nine Months Ended September 30, 2008 to the Nine Months Ended September 30, 2007

Revenue. Revenue increased 5%, to $921.3 million for the nine months ended September 30, 2008 from $878.1 million for the same period in 2007, primarily due to pricing increases in the locum tenens staffing segment and the acquisitions of Platinum Select Staffing in February 2008 and Rx Pro Health in May 2007 in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment revenue increased 5%, to $636.4 million for the nine months ended September 30, 2008 from $605.4 million for the same period in 2007. Of the $31.0 million increase, $13.2 million was attributable to the increase in revenue generated per temporary healthcare professional due primarily to an increase in the average bill rates charged to hospital and healthcare facility clients, $2.1 million was attributable to one extra day in the nine months ended September 30, 2008, $1.0 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, $35.9 million was attributable to the acquisition of Platinum Select Staffing in February 2008 and $4.6 million was attributable to the acquisition of Rx Pro Health in May 2007. These increases were partially offset by a $25.8 million decrease primarily due to a reduced average number of temporary healthcare professionals on assignment in our OGP division.

Locum tenens staffing segment revenue increased 5%, to $245.6 million for the nine months ended September 30, 2008 from $234.3 million for the same period in 2007. Of the $11.3 million increase, $11.0 million was attributable to increases in the average daily rate billed to clients and $3.2 million was attributable to an increase in the number of days filled by healthcare professionals during the nine months ended September 30, 2008. These increases were partially offset by a $2.9 million decrease due to a shift in the mix of specialties worked.

Physician permanent placement services segment revenue increased 2%, to $39.3 million for the nine months ended September 30, 2008 from $38.4 million for the same period in 2007.

Cost of Revenue. Cost of revenue increased 5%, to $680.2 million for the nine months ended September 30, 2008 from $650.9 million for the same period in 2007, primarily due to an increase in the compensation and housing costs provided to the healthcare professionals and the acquisitions of Platinum Select Staffing in February 2008 and Rx Pro Health in May 2007, which were partially offset by lower workers compensation and medical insurance costs.

Nurse and allied healthcare staffing segment cost of revenue increased 5%, to $483.5 million for the nine months ended September 30, 2008 from $462.5 million for the same period in 2007. Of the $21.0 million increase, $8.4 million was attributable to net increases in compensation, primarily related to wages and housing costs provided to our temporary healthcare professionals partially offset by favorable insurance claims, $1.7 million was attributable to one extra billing day during the nine months ended September 30, 2008, $0.8 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, $27.4 million was attributable to the acquisition of Platinum Select Staffing in February 2008 and $2.5 million was attributable to the acquisition of Rx Pro Health in May 2007. These increases were partially offset by a $19.8 million decrease attributable to a reduced average number of temporary healthcare professionals on assignment, excluding the impact from the acquisitions.

Locum tenens staffing segment cost of revenue increased 4%, to $180.8 million for the nine months ended September 30, 2008 from $173.4 million for the same period in 2007. Of the $7.4 million increase, $7.5 million was attributable to increase in the average daily rate paid to the healthcare professionals, and $2.4 million was attributable to an increase in the number of days filled during the nine months ended September 30, 2008. These increases were partially offset by a $2.5 million decrease due to a shift in the mix of physician specialties worked.

Physician permanent placement services segment cost of revenue increased 6%, to $15.9 million for the nine months ended September 30, 2008 from $15.0 million for the same period in 2007.

Gross Profit. Gross profit increased 6%, to $241.1 million for the nine months ended September 30, 2008 from $227.2 million for the same period in 2007, representing gross margins of 26.2% and 25.9%, respectively. Gross margin by reportable segment for the nine months ended September 30, 2008 and 2007 was 24.0% and 23.6% for nurse and allied healthcare staffing, 26.4% and 26.0% for locum tenens staffing and 59.6% and 61.1% for physician permanent placement services, respectively. The increase in the nurse and allied healthcare staffing segment gross margin was primarily attributable to a decrease in health insurance claims and improved bill-to-pay spreads in domestic travel nursing, and the increase in the locum tenens staffing segment gross margin was primarily attributable to a favorable pay-to-bill spread in the locum tenens staffing segment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 8%, to $175.5 million for the nine months ended September 30, 2008 from $162.3 million for the same period in 2007. Of the $13.2 million increase, $5.7 million was attributable to the acquisition of Platinum Select Staffing in February 2008, $0.6 million and $1.0 million were attributable to restructuring and legal costs, respectively, associated with Rx Pro Health, and the remaining increase was primarily attributable to increases in professional liability insurance costs and bad debt expense. Selling, general and administrative expenses by reportable segment for the nine months ended September 30, 2008 and 2007, respectively, were $113.0 million and $105.4 million for nurse and allied healthcare staffing, $48.4 million and $42.5 million for locum tenens staffing and $14.1 million and $14.4 million for physician permanent placement services.

Depreciation and Amortization Expenses. Amortization expense increased to $3.5 million for the nine months ended September 30, 2008 from $2.6 million for the same period in 2007, primarily attributable to the amortization of identifiable amortizable intangible assets recorded as a result of the acquisition of Rx Pro Health in May 2007 and the Platinum Select Staffing acquisition in February 2008. Depreciation expense increased to $7.4 million for the nine months ended September 30, 2008 from $5.9 million for the same period in 2007, primarily attributable to additional internally developed software.

Interest Expense, Net. Interest expense, net, was $8.0 million for the nine months ended September 30, 2008 as compared to $9.5 million for the same period in 2007. The $1.5 million decrease was primarily attributable to lower average debt outstanding balance for the nine months ended September 30, 2008 as compared to the same period in 2007.

Income Tax Expense. Income tax expense increased to $20.0 million for the nine months ended September 30, 2008 from $18.9 million for the same period in 2007, reflecting effective income tax rates of 42.7% and 40.4% for these periods, respectively. The increase in the effective income tax rate was primarily attributable the timing of certain income tax exposure accruals recorded during the nine months ended September 30, 2008 as compared to 2007.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements, common stock repurchases and debt service under our credit facility. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facility. The recent and unprecedented disruption in the current credit markets has had a significant adverse impact on a number of financial institutions. At this point in time, our liquidity has not been materially impacted by the current credit environment and we do not expect that it will be materially impacted in the near-future. We will continue to closely monitor our liquidity and the credit markets. However, we cannot predict with any certainty the impact to the Company of any further disruption in the credit environment.

At September 30, 2008, $158.0 million was outstanding under our credit facility. We believe that cash generated from operations and available borrowings under our revolving credit facility will be sufficient to fund our operations for at least the next 12 months. We expect to be able to finance future acquisitions or stock repurchases either with cash provided from operations, borrowings under our revolving credit facility, bank loans, debt or equity offerings, or some combination of the foregoing. The following discussion provides further details of our liquidity and capital resources.

Operating Activities:

Historically, our principal working capital need has been for accounts receivable. At September 30, 2008, our days sales outstanding ("DSO") was 56 days. At September 30, 2007, our DSO was 60 days and at December 31, 2007, our DSO was 59 days. The decrease in DSO compared to December 31, 2007 and September 30, 2007 was due primarily to an improvement in collection efforts during the nine months ended September 30, 2008. Our principal sources of cash to fund our working capital needs are cash generated from operating activities. Net cash provided by operations decreased $4.4 million from $54.3 million in the nine months ended September 30, 2007 to $49.9 million in the nine months ended September 30, 2008. This decrease in net cash provided by operations was primarily driven by income tax payments during the nine months ended September 30, 2008, partially offset by increases in accrued compensation and benefits, accounts payable and other accrued expenses.

Investing Activities:

We continue to have relatively low capital investment requirements. Capital expenditures were $7.1 million and $6.5 million for the nine months ended September 30, 2008 and 2007, respectively. For the first nine months of 2008, our capital expenditures were $4.9 million for purchased and internally developed software and $2.2 million for computers, furniture and equipment and other expenditures. We expect our future capital expenditure requirements to be similar to those during the nine months ended September 30, 2008.

Our business acquisition expenditures were $39.3 million during the nine months ended September 30, 2008, compared to $5.5 million during the nine months ended September 30, 2007, which was related to the acquisition of Rx Pro Health in May 2007. Of the $39.3 million expenditure during the nine months ended September 30, 2008, $30.8 million was the cash consideration used for the acquisition of Platinum Select Staffing in February 2008 and $8.5 million was a portion of the cash holdback paid to the selling shareholders in our acquisition of MHA in 2005. We financed the Platinum Select Staffing acquisition using $18.0 million of cash on hand at the purchase date and the balance from our revolving credit facility. We will continue to evaluate

and look for acquisition opportunities that may require additional funding. As of September 30, 2008, our remaining holdback liability in connection with MHA was $4.7 million, which was included in other long-term liabilities in the accompanying condensed consolidated balance sheet, and our holdback liability in connection with Platinum Select Staffing was $2.3 million, which we expect to pay back to the selling shareholders in August 2009 and was included in other current liabilities in the accompanying condensed consolidated balance sheet.

Financing Activities:

Our credit facility, the Second Amended and Restated Credit Agreement ("Credit Agreement"), provides for, among other things, a $75.0 million secured revolving credit facility for short-term borrowings, a $30.0 million letter of credit sub-facility, a $15.0 million swing-line sub-facility, all maturing in November 2010, and a $235.0 million secured term loan facility maturing in November 2011. The secured term loan facility was used primarily to fund our acquisition of MHA in November 2005, pay off then-existing borrowings, and repurchase shares of our common stock in May 2006.

Effective May 2, 2008, we entered into a Third Amendment (the "Third Amendment") to our Credit Agreement. The Third Amendment provides that we may repurchase our common stock in an aggregate cash amount not to exceed $50.0 million, provided that no default or event of default exists either before or after giving effect to such repurchase payment and such repurchase occurs on or before March 31, 2009. The Third Amendment also modified our existing $15.0 million borrowing capacity, by changing the type of debt from unsecured to secured (subject to certain conditions) and increased the annual capital expenditure limit to $15.0 million. Additionally, we incurred an amendment fee of $0.6 million, which is deferred and is being amortized using the effective interest method over the remaining term of the credit facility.

On May 7, 2008, we announced that our Board had authorized us to repurchase up to $38.0 million of our outstanding common stock in the open market through March 31, 2009. Under the repurchase program, share purchases may be made from time to time beginning in the second quarter of 2008, depending on prevailing market conditions and other considerations. During the nine months ended September 30, 2008, we repurchased 1,554,600 shares of our common stock at an average price of $18.30 per share, resulting in an aggregate purchase price of $28.4 million.

The revolving credit facility portion of our Credit Agreement carries an unused fee of between 0.375% and 0.5% per annum based on our then current leverage ratio, and there are no mandatory reductions in the revolving commitment under the revolving credit facility. Borrowings under this revolving credit facility bear interest at floating rates based upon either a LIBOR or a prime interest rate option selected by us, plus a spread of 1.50% to 2.25% and 0.50% to 1.25%, respectively, to be determined based on our then current leverage ratio. Amounts available under our revolving credit facility may be used for working capital, capital expenditures, permitted acquisitions and general corporate purposes, subject to various limitations. At September 30, 2008, there was $36.5 million outstanding under our revolving credit facility.

Initially, the term loan portion of our Credit Agreement was subject to quarterly amortization of principal (in equal installments), with an amount equal to 1.25% of the initial aggregate principal amount of the facility payable quarterly through September 30, 2007 (except in the case of the initial quarterly payment on June 30, 2006 of 2.5%) and 2.5% of the initial aggregate principal amount of the facility payable quarterly from December 31, 2007 through September 30, 2010 with any remaining amounts payable through 2011. Subsequent voluntary prepayments have been applied ratably thereby lowering the effective payment proportion relative to the initial principle amount. The term loan portion of our credit facility bears interest, at our option, at either LIBOR plus 1.75% or the Base Rate plus 0.75%. Voluntary prepayments of the term loan portion of the credit facility are applied as we may elect, including ratably to the remaining quarterly principal amortization payments.

We are required to make additional mandatory prepayments on the term loan with the proceeds of asset dispositions, extraordinary receipts, debt issuances and certain equity issuances. We also are required to make mandatory prepayments on the term loan within ninety days after the end of each fiscal year, which commenced in the fiscal year ended December 31, 2006, in an amount equal to 50% of our excess cash flow (as defined in the Credit Agreement), less any voluntary prepayments made during the fiscal year. These mandatory prepayment amounts, if any, are applied ratably to the remaining quarterly amortization payments. On February 5, 2008, we made a total payment of $14.0 million, among which $10.1 million was used for the 2007 excess cash flow requirement, $3.8 million was applied to the quarterly principal amortization payments for three months ended March 31, 2008, and the remaining $0.1 million was applied to the quarterly principal amortization payment for the three months ended June 30, 2008. The voluntary prepayments made during 2007 and the $10.1 million payment made in February 2008 satisfied the excess cash flow prepayment requirement for 2007. In July 2008, we made additional voluntary prepayment in amount of $4.0 million. In connection with the prepayments made during the nine months ended September 30, 2008, we wrote off $0.1 million of deferred financing costs, which was recorded in the interest expense. In June and September 2008, we made quarterly principal amortization payments of $3.8 million and $3.7 million, respectively. At September 30, 2008, the total term loan outstanding (including both the current and long term portions) was $121.5 million.

We are required to maintain a maximum leverage ratio, based on EBITDA and funded indebtedness as defined in the Credit Agreement, as of the end of each fiscal quarter of not more than 2.50 to 1.00 for the fiscal quarter ending September 30, 2008, decreasing throughout the term of the agreement to ultimately arrive at a ratio of 2.00 to 1.00 for the fiscal quarter ending March 31, 2009 and thereafter. We are also required to maintain a minimum fixed charge coverage ratio, based on EBITDA and debt and interest payments as defined in the Credit Agreement, as of the end of each fiscal quarter of not less than 1.25 to 1.00 for the fiscal quarter ending September 30, 2008 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. We were in compliance with these requirements at September 30, 2008.

Under our Credit Agreement, our subsidiaries are not permitted to pay dividends or distributions to us, except for certain permitted dividends and distributions, including those related to taxes, certain reporting obligations under federal and state law and certain other ordinary course operating expenses, subject to the limitations contained in our Credit Agreement.

We are also required to maintain interest rate protection on at least 50% of the term loan portion of our Credit Agreement beginning November 2006 until May 2009. In July 2008, in addition to the two existing interest rate swap agreements, we entered into five new interest rate swap agreements for notional amounts of $10.0 million each, whereby we will pay fixed rates ranging from 3.20% to 4.33% under these agreements and receive a floating three-month LIBOR. Three of the agreements became effective in September 2008, and the remaining two will become effective in December 2009. These agreements expire beginning June 2009 through September 2010. No initial investments were made to enter into these agreements. As of September 30, 2008, five interest rate swap agreements were effective with notional amounts totaling $95 million. We pay fixed rates ranging from 3.20% to 4.94% under these agreements and receive a floating three-month LIBOR. The agreements expire beginning December 2008 through December 2009, and no initial investments were made to enter into these agreements.

At September 30, 2008 and December 31, 2007, the interest rate swap agreements had a fair value of $(1.0) million and $(1.1) million, respectively, which is included in other liabilities 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.

As of September 30, 2008 and December 31, 2007, our credit facility also served to collateralize certain letters of credit aggregating $18.4 million and $20.0 million, respectively, issued by us in the normal course of business.

We are also required to maintain minimum financial thresholds with respect to our lease agreement for our corporate headquarters in San Diego, California. These include a minimum net income coverage ratio, based on net income and rent expense as defined in the lease agreement, as of the end of each fiscal quarter of not less than 2.25 to 1.00 for the fiscal quarter ended September 30, 2008 and thereafter, and a minimum market capitalization of $350.0 million or greater. The market capitalization is calculated by multiplying the number of fully diluted common shares outstanding at the last day of the applicable quarter by the average closing share price during the last thirty calendar days of the applicable quarter. We were in compliance with these requirements at September 30, 2008. Should we fail to meet these minimum financial thresholds we would be required to establish a letter of credit equal to twelve months of the then-current monthly installment of base rent.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and healthcare staffing needs of our hospital and healthcare facility clients and due to the seasonal preferences for destinations of our temporary healthcare professionals, revenue, earnings and the number of temporary healthcare professionals on assignment are subject to moderate seasonal fluctuations. Many of our hospital and healthcare facility clients are located in areas that experience seasonal fluctuations in population during the winter and summer months. These facilities adjust their staffing levels to accommodate the change in this seasonal demand and many of these facilities utilize temporary healthcare professionals to satisfy these seasonal staffing needs. This historical seasonality of revenue and earnings may vary due to a variety of factors 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 September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures related to fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. SFAS No. 157 was effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FASB Staff Position (FSP) SFAS No. 157-2 (FSP SFAS No. 157-2), *Effective Date of FASB Statement No. 157*, which permits the deferral of the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. We adopted SFAS No. 157 beginning January 1, 2008 except as it applies to those nonfinancial assets and nonfinancial liabilities, and the adoption did not have a material effect on our consolidated financial statements. We are currently evaluating the impact of the adoption of FSP SFAS No. 157-2 will have on our consolidated financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R (SFAS No. 141R), *Business Combinations*. 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. We are required to adopt SFAS No. 141R beginning January 1, 2009.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 (SFAS No. 161), *Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133*. 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 133 have been applied, and the impact that hedges have on an entity's financial position, financial performance, and cash flows. Statement 161 is effective for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. We are required to adopt SFAS No. 161 beginning January 1, 2009, and we do not expect the adoption will have a material effect on our consolidated financial statements.

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162 (SFAS No. 162), *The Hierarchy of Generally Accepted Accounting Principles*. This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States, or GAAP (the GAAP hierarchy). The FASB does not expect SFAS No. 162 to result in a change in current practice, as the intent of SFAS No. 162 is to direct the GAAP hierarchy to the reporting entity (rather than its auditor) and to place the GAAP hierarchy within the accounting literature established by the FASB. This statement is effective 60 days following the Securities and Exchange Commission, or SEC, approval of the Public Company Accounting Oversight Board Amendments to AU Section 411, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles*.

In April 2008, the FASB issued FSP FAS No. 142-3 (FSP FAS No. 142-3), *Determination of the Useful Life of Intangible Assets*. 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 FAS 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 this FSP will be applied prospectively to intangible assets acquired after the effective date of January 1, 2009. We are required to adopt FSP No. FAS 142-3 beginning January 1, 2009, and we do not expect the adoption will have a material effect on our consolidated financial statements.

Other new pronouncements issued but not effective until after September 30, 2008, are not expected to have a significant effect on the company's consolidated financial statements.

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 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, which ability is affected by many factors, including increasingly the role of vendor management companies;
- 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;
- our ability to maintain and enhance the brand identities we have developed, at reasonable costs;
- changes in the timing of hospital, healthcare facility and physician practice group clients’ orders for temporary healthcare professionals;
- 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 of 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;
- 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; 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, 2007.

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 2008 and 2007, 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” 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 $1.3 million and $1.4 million during the nine months ended September 30, 2008 and 2007, 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 $0.7 million and $0.6 million during the nine months ended September 30, 2008 and 2007, 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 September 30, 2008 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 Securities and Exchange Commission’s rules and forms.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

ISSUER PURCHASES OF EQUITY SECURITIES(1)

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1 – 31, 2008	—	—	—	$ 31,552,000
August 1 – 31, 2008	734,200	$ 18.16	734,200	$ 18,220,000
September 1 – 30, 2008	452,400	$ 19.16	452,400	$ 9,550,000
Total	1,186,600	$ 18.54	1,186,600	$ 9,550,000

(1) On May 7, 2008, we announced that the Board had authorized us to repurchase up to $38.0 million of our outstanding common stock in the open market through March 31, 2009. Under the repurchase program, share purchases may be made from time to time, beginning in the second quarter of 2008, depending on prevailing market conditions and other considerations. During the nine months ended September 30, 2008, we repurchased 1,554,600 shares of its common stock at an average price of $18.30 per share, resulting in an aggregate purchase price of $28.4 million. As of September 30, 2008, the remaining approximate dollar value that may be purchased under the program is approximately $9.6 million.

Item 5. ***Other Information.***

The Fourth Amended and Restated By-laws of AMN Healthcare Services, Inc.

On October 21, 2008, Our Board of Directors approved amendments to our By-Laws, the Fourth Amended and Restated By-Laws of AMN Healthcare Services, Inc. (the “By-Laws”), which changes were effective immediately upon approval. Among other matters, the amendments clarified the advance notice provisions with respect to stockholder proposed director nominations, including:

1. Clarified that stockholders seeking to nominate directors must comply with the procedures in By-Laws Section 2.11.
2. Changed the advance notice deadlines in Section 2.11(e) establishing when a stockholder must notify the Company that the stockholder intends to nominate directors at an annual meeting of stockholders. The By-Laws now provide that any such notice must be given not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year’s annual meeting. As a result of the amendments, for the Company’s 2009 annual meeting, to be timely, a stockholder’s notice must be delivered to, or mailed and received at, the office of the Company, addressed to the attention of the Secretary:
    - not earlier than December 10, 2008; and
    - not later than January 9, 2009.
3. Changed the advance notice deadlines in Section 2.11(e) establishing when a stockholder must notify the Company that it intends to nominate directors in the event that a special meeting of stockholders is called. To be timely, the By-Laws now require that any such notice be given not earlier than 120 days prior to the special meeting; and no later than the later of 90 days prior to the special meeting or 10 days following the day on which public announcement is first made of the date of the special meeting.
4. Expanded and added additional specificity in Section 2.11(f) to the categories of information which a stockholder proponent of a director nomination must provide about the proponent, any beneficial owner on whose behalf the nomination is made, and affiliates or other persons acting in concert with

them, including: any arrangement with respect to such nomination between or among such stockholder, beneficial owners and affiliates; any arrangement, including derivative positions, that has been entered into on behalf of, such stockholder, beneficial owners or affiliates the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of such stockholder, beneficial owners or affiliates; any arrangement which such stockholder, beneficial owners or affiliates have a right to vote any shares of stock; and any monetary arrangements or other material relationships, between or among such stockholder, beneficial owners or affiliates. The stockholder proponent is also required to provide the Company with an update of certain of the information promptly after the record date for the meeting.

The preceding description is qualified in its entirety by reference in the By-Laws, which are incorporated by reference as an exhibit to this Quarterly Report on Form 10-Q.

Item 6. ***Exhibits***

Exhibit No.	Description of Document
3.1	The Fourth Amended and Restated By-laws of AMN Healthcare Services, Inc., dated October 21, 2008 (incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K, dated October 24, 2008)
4.1	Third Amendment to the Second Amended And Restated Credit Agreement, dated as of May 5, 2008, 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, 2008)
10.1	AMN Healthcare Equity Plan (incorporated by reference to Exhibit 1 of AMN Healthcare Services, Inc.'s Definitive Proxy Statement on Schedule 14A filed on March 14, 2007)
10.2	The 2005 Amended and Restated Executive Nonqualified Excess Plan of AMN Healthcare, Inc., effective January 1, 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.

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: November 7, 2008

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. NOWAKOWSKI

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

Date: November 7, 2008

/s/ DAVID C. DREYER

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

Exhibit 10.2

THE 2005 AMENDED AND RESTATED EXECUTIVE NONQUALIFIED EXCESS PLAN OF AMN HEALTHCARE, INC.

EFFECTIVE JANUARY 1, 2009

The 2005 Amended and Restated Executive Nonqualified Excess Plan of AMN Healthcare, Inc.

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ARTICLE I

Establishment and Purpose

AMN Healthcare, Inc. (the “Company”) hereby amends and restates The 2005 Executive Nonqualified Excess Plan of AMN Healthcare, Inc. (the “Plan”), effective January 1, 2009. The Plan was originally effective as of January 1, 2005, and this amendment and restatement applies to all amounts previously or hereafter deferred under the Plan, as well as to all amounts credited under the terms of the Executive Nonqualified Excess Plan of AMN Healthcare, Inc. that were not earned and vested prior to January 1, 2005.

The purpose of the Plan is to attract and retain key employees by providing each Participant with an opportunity to defer receipt of a portion of their salary, bonus, and other specified compensation. The Plan is not intended to meet the qualification requirements of Code Section 401(a), but is intended to meet the requirements of Code Section 409A, and shall be operated and interpreted consistent with that intent.

The Plan constitutes an unsecured promise by a Participating Employer to pay benefits in the future. Participants in the Plan shall have the status of general unsecured creditors of the Company or the Adopting Employer, as applicable. Each Participating Employer shall be solely responsible for payment of the benefits of its employees and their beneficiaries. The Plan is unfunded for Federal tax purposes and is intended to be an unfunded arrangement for eligible employees who are part of a select group of management or highly compensated employees of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. Any amounts set aside to defray the liabilities assumed by the Company or an Adopting Employer will remain the general assets of the Company or the Adopting Employer and shall remain subject to the claims of the Company’s or the Adopting Employer’s creditors until such amounts are distributed to the Participants.

ARTICLE II

Definitions

2.1 Account. Account means a bookkeeping account maintained by the Committee to record the payment obligation of a Participating Employer to a Participant as determined under the terms of the Plan. The Committee may maintain an Account to record the total obligation to a Participant and component Accounts to reflect amounts payable at different times and in different forms. Reference to an Account means any such Account established by the Committee, as the context requires. Accounts are intended to constitute unfunded obligations within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.2 Account Balance. Account Balance means, with respect to any Account, the total payment obligation owed to a Participant from such Account as of the most recent Valuation Date.

2.3 Adopting Employer. Adopting Employer means an Affiliate who, with the consent of the Company, has adopted the Plan for the benefit of its eligible employees.

2.4 Affiliate. Affiliate means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

2.5 Beneficiary. Beneficiary means a natural person, estate, or trust designated by a Participant to receive payments to which a Beneficiary is entitled in accordance with provisions of the Plan. The Participant's spouse, if living, otherwise the Participant's estate, shall be the Beneficiary if: (i) the Participant has failed to properly designate a Beneficiary, or (ii) all designated Beneficiaries have predeceased the Participant.

A former spouse shall have no interest under the Plan, as Beneficiary or otherwise, unless the Participant designates such person as a Beneficiary after dissolution of the marriage, except to the extent provided under the terms of a domestic relations order as described in Code Section 414(p)(1)(B).

2.6 Business Day. A Business Day means each day on which the New York Stock Exchange is open for business.

2.7 Change in Control. Change in Control means, with respect to a Participating Employer that is organized as a corporation, any of the following events: (i) a change in the ownership of the Participating Employer; (ii) a change in the effective control of the Participating Employer; or (iii) a change in the ownership of a substantial portion of the assets of the Participating Employer.

For purposes of this Section, a change in the ownership of the Participating Employer occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Participating Employer. A change in the effective control of the Participating Employer occurs on the date on which either (i) a person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer possessing 30% or more of the total voting power of the stock of the Participating Employer, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Participating Employer's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Participating Employer . A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Participating Employer, acquires assets from the

Participating Employer that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Participating Employer immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

An event constitutes a Change in Control with respect to a Participant only if the Participant performs services for the Participating Employer that has experienced the Change in Control, or the Participant's relationship to the affected Participating Employer otherwise satisfies the requirements of Treasury Regulation Section 1.409A-3(i)(5)(ii).

Notwithstanding anything to the contrary herein, with respect to a Participating Employer that is a partnership, Change in Control means only a change in the ownership of the partnership or a change in the ownership of a substantial portion of the assets of the partnership, and the provisions set forth above respecting such changes relative to a corporation shall be applied by analogy.

The determination as to the occurrence of a Change in Control shall be based on objective facts and in accordance with the requirements of Code Section 409A.

2.8 Claimant. Claimant means a Participant or Beneficiary filing a claim under Article XII of this Plan.

2.9 Code. Code means the Internal Revenue Code of 1986, as amended from time to time.

2.10 Code Section 409A. Code Section 409A means section 409A of the Code, and regulations and other guidance issued by the Treasury Department and Internal Revenue Service thereunder.

2.11 Committee. Committee means the Committee appointed by the Board of Directors of the Company (or the appropriate committee of such board) to administer the Plan. If no designation is made, the Company shall have and exercise the powers of the Committee.

2.12 Company. Company means AMN Healthcare, Inc.

2.13 Company Contribution. Company Contribution means a credit by a Participating Employer to a Participant's Account(s) in accordance with the provisions of Article V of the Plan. Company Contributions are credited at the sole discretion of the Participating Employer and the fact that a Company Contribution is credited in one year shall not obligate the Participating Employer to continue to make such Company Contribution in subsequent years. Unless the context clearly indicates otherwise, a reference to Company Contribution shall include Earnings attributable to such contribution.

2.14 Company Stock. Company Stock means shares of common stock issued by the Company.

2.15 Compensation. Compensation means a Participant's base salary, bonus, commission, and such other cash or equity-based compensation (if any) approved by the Committee as Compensation that may be deferred under this Plan. Compensation shall not include any compensation that has been previously deferred under this Plan or any other arrangement subject to Code Section 409A.

2.16 Compensation Deferral Agreement. Compensation Deferral Agreement means an agreement between a Participant and a Participating Employer that specifies (i) the amount of each component of Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV, and (ii) the Payment Schedule applicable to one or more Accounts. The Committee may permit different deferral amounts for each component of Compensation and may establish a minimum or maximum deferral amount for each such component. The minimum deferral with respect to an RSU shall be three years beyond the date on which the RSU is awarded. Unless otherwise specified by the Committee in the Compensation Deferral Agreement, Participants may defer up to 80% of their base salary and up to 100% of other types of Compensation for a Plan Year. A Compensation Deferral Agreement may also specify the investment allocation described in Section 8.4.

2.17 Death Benefit. Death Benefit means the benefit payable under the Plan to a Participant's Beneficiary(ies) upon the Participant's death as provided in Section 6.1 of the Plan.

2.18 Deferral. Deferral means a credit to a Participant's Account(s) that records that portion of the Participant's Compensation that the Participant has elected to defer to the Plan in accordance with the provisions of Article IV. Unless the context of the Plan clearly indicates otherwise, a reference to Deferrals includes Earnings attributable to such Deferrals.

Deferrals shall be calculated with respect to the gross cash Compensation payable to the Participant prior to any deductions or withholdings, but shall be reduced by the Committee as necessary so that it does not exceed 100% of the cash Compensation of the Participant remaining after deduction of all required income and employment taxes, 401(k) and other employee benefit deductions, and other deductions required by law. Changes to payroll withholdings that affect the amount of Compensation being deferred to the Plan shall be allowed only to the extent permissible under Code Section 409A.

2.19 Disability Benefit. Disability Benefit means the benefit payable under the Plan to a Participant in the event such Participant is determined to be Disabled.

2.20 Disabled. Disabled means that a Participant is, by reason of any medically-determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits

for a period of not less than three months under an accident and health plan covering employees of the Participant’s employer. The Committee shall determine whether a Participant is Disabled in accordance with Code Section 409A provided, however, that a Participant shall be deemed to be Disabled if determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.

2.21 Earnings. Earnings means an adjustment to the value of an Account in accordance with Article VIII.

2.22 Effective Date. Effective Date means January 1, 2009.

2.23 Eligible Employee. Eligible Employee means a member of a “select group of management or highly compensated employees” of a Participating Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, as determined by the Committee from time to time in its sole discretion.

2.24 Employee. Employee means a common-law employee of an Employer.

2.25 Employer. Employer means, with respect to Employees it employs, the Company and each Affiliate.

2.26 ERISA. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.27 Participant. Participant means an Eligible Employee who has received notification of his or her eligibility to defer Compensation under the Plan under Section 3.1 and any other person with an Account Balance greater than zero, regardless of whether such individual continues to be an Eligible Employee. A Participant’s continued participation in the Plan shall be governed by Section 3.2 of the Plan.

2.28 Participating Employer. Participating Employer means the Company and each Adopting Employer.

2.29 Payment Schedule. Payment Schedule means the date as of which payment of an Account under the Plan will commence and the form in which payment of such Account will be made.

2.30 Performance-Based Compensation. Performance-Based Compensation means Compensation where the amount of, or entitlement to, the Compensation is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least twelve consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than ninety (90) days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the

criteria are established. The determination of whether Compensation qualifies as "Performance-Based Compensation" will be made in accordance with Treas. Reg. Section 1.409A-1(e) and subsequent guidance.

2.31 Plan. Generally, the term Plan means The 2005 Amended and Restated Executive Nonqualified Excess Plan of AMN Healthcare, Inc. as documented herein and as may be amended from time to time hereafter. However, to the extent permitted or required under Code Section 409A, the term Plan may in the appropriate context also mean a portion of the Plan that is treated as a single plan under Treas. Reg. Section 1.409A-1(c), or the Plan or portion of the Plan and any other nonqualified deferred compensation plan or portion thereof that is treated as a single plan under such section.

2.32 Plan Year. Plan Year means January 1 through December 31.

2.33 Retirement/Termination Benefit. Retirement/Termination Benefit means the benefit payable to a Participant under the Plan following the Participant's Separation from Service.

2.34 Retirement/Termination Account. Retirement/Termination Account means an Account established by the Committee to record the amounts payable to a Participant upon a Separation from Service. Unless the Participant has established a Specified Date Account or has an RSU Account, all Deferrals and Company Contributions shall be allocated to a Retirement/Termination Account on behalf of the Participant.

2.35 RSU. RSU means a restricted stock unit that has been granted to a Participant under the terms of the AMN Healthcare Equity Plan, as the same may be amended from time to time.

2.36 RSU Account. RSU Account means an Account established by the Committee to record amounts payable to a Participant with respect to deferrals of RSUs.

2.37 RSU Benefit. RSU Benefit means the benefit payable to a Participant from an RSU Account upon the earlier of his or her Settlement Date, Separation from Service, Death, Disability, or Change in Control.

2.38 Separation from Service. Separation from Service means an Employee's termination of employment with the Employer. Whether a Separation from Service has occurred shall be determined by the Committee in accordance with Code Section 409A.

Except in the case of an Employee on a bona fide leave of absence as provided below, an Employee is deemed to have incurred a Separation from Service if the Employer and the Employee reasonably anticipated that the level of services to be performed by the Employee after a date certain would be reduced to 20% or less of the average services rendered by the Employee during the immediately preceding 36-month period (or the total period of employment, if less than 36 months), disregarding periods during which the Employee was on a bona fide leave of absence.

An Employee who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of (i) the six-month anniversary of the commencement of the leave or (ii) the expiration of the Employee's right, if any, to reemployment under statute or contract.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.24 of the Plan, except that in applying Code sections 1563(a)(1), (2) and (3) for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(b), and in applying Treasury Regulation Section 1.414(c)-2 for purposes of determining whether another organization is an Affiliate of the Company under Code Section 414(c), "at least 50 percent" shall be used instead of "at least 80 percent" each place in appears in those sections.

The Committee specifically reserves the right to determine whether a sale or other disposition of substantial assets to an unrelated party constitutes a Separation from Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Code Section 409A.

2.39 Settlement Date. Settlement Date means the date specified by a Participant in his or her Compensation Deferral Agreement upon which amounts allocated to an RSU Account shall be paid.

2.40 Specified Date Account. Specified Date Account means an Account established by the Committee to record the amounts payable at a future date as specified in the Participant's Compensation Deferral Agreement. Unless otherwise determined by the Committee, a Participant may maintain no more than five Specified Date Accounts. A Specified Date Account may be identified in enrollment materials as an "In-Service Account" or such other name as established by the Committee without affecting the meaning thereof.

2.41 Specified Date Benefit. Specified Date Benefit means the benefit payable to a Participant under the Plan in accordance with Section 6.1(b).

2.42 Specified Employee. Specified Employee means an Employee who, as of the date of his Separation from Service, is a "key employee" of the Company or any Affiliate, any stock of which is actively traded on an established securities market or otherwise.

An Employee is a key employee if he meets the requirements of Code Section 416(i)(1)(A)(i), (ii), or (iii) (applied in accordance with applicable regulations thereunder and without regard to Code Section 416(i)(5)) at any time during the 12-month period

ending on the Specified Employee Identification Date. Such Employee shall be treated as a key employee for the entire 12-month period beginning on the Specified Employee Effective Date.

For purposes of determining whether an Employee is a Specified Employee, the compensation of the Employee shall be determined in accordance with the definition of compensation provided under Treas. Reg. Section 1.415(c)-2(d)(3) (wages within the meaning of Code section 3401(a) for purposes of income tax withholding at the source, plus amounts excludible from gross income under section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b), without regard to rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed); provided, however, that, with respect to a nonresident alien who is not a Participant in the Plan, compensation shall not include compensation that is not includible in the gross income of the Employee under Code Sections 872, 893, 894, 911, 931 and 933, provided such compensation is not effectively connected with the conduct of a trade or business within the United States.

Notwithstanding anything in this paragraph to the contrary, (i) if a different definition of compensation has been designated by the Company with respect to another nonqualified deferred compensation plan in which a key employee participates, the definition of compensation shall be the definition provided in Treas. Reg. Section 1.409A-1(i)(2), and (ii) the Company may through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Company, elect to use a different definition of compensation.

In the event of corporate transactions described in Treas. Reg. Section 1.409A-1(i)6), the identification of Specified Employees shall be determined in accordance with the default rules described therein, unless the Employer elects to utilize the available alternative methodology through designations made within the timeframes specified therein.

2.43 Specified Employee Identification Date. Specified Employee Identification Date means December 31, unless the Employer has elected a different date through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Employer.

2.44 Specified Employee Effective Date. Specified Employee Effective Date means the first January 1 following the Specified Employee Identification Date.

2.45 Substantial Risk of Forfeiture. Substantial Risk of Forfeiture shall have the meaning specified in Treas. Reg. Section 1.409A-1(d).

2.46 Unforeseeable Emergency. Unforeseeable Emergency means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s dependent (as defined in Code section 152, without regard to

section 152(b)(1), (b)(2), and (d)(1)(B)), or a Beneficiary; loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance, for example, as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The types of events which may qualify as an Unforeseeable Emergency may be limited by the Committee.

2.47 Valuation Date. Valuation Date means each Business Day.

2.48 Year of Service. A Year of Service means each 12-month period of continuous service with the Employer.

ARTICLE III

Eligibility and Participation

3.1 Eligibility and Participation. An Eligible Employee becomes a Participant upon the earlier to occur of (i) a credit of Company Contributions under Article V or (ii) receipt of notification of eligibility to participate.

3.2 Duration. A Participant shall be eligible to defer Compensation and receive allocations of Company Contributions, subject to the terms of the Plan, for as long as such Participant remains an Eligible Employee. A Participant who is no longer an Eligible Employee but has not Separated from Service may not defer Compensation under the Plan beyond the Plan Year in which he or she became ineligible but may otherwise exercise all of the rights of a Participant under the Plan with respect to his or her Account(s). On and after a Separation from Service, a Participant shall remain a Participant as long as his or her Account Balance is greater than zero and during such time may continue to make allocation elections as provided in Section 8.4. An individual shall cease being a Participant in the Plan when all benefits under the Plan to which he or she is entitled have been paid

ARTICLE IV

Deferrals

4.1 Deferral Elections, Generally.

(a) An Eligible Employee may elect to defer Compensation by submitting a Compensation Deferral Agreement during the enrollment periods established by the Committee and in the manner specified by the Committee, but in any event, in accordance with Section 4.2. A Compensation Deferral Agreement that is not timely filed with respect to a service period or component of Compensation shall

be considered void and shall have no effect with respect to such service period or Compensation. The Committee may modify any Compensation Deferral Agreement prior to the date the election becomes irrevocable under the rules of Section 4.2.

(b) The Participant shall specify on his or her Compensation Deferral Agreement the amount of Deferrals and whether to allocate Deferrals to a Retirement/Termination Account or to a Specified Date Account. If no designation is made, all Deferrals shall be allocated to the Retirement/Termination Account. A Participant may also specify in his or her Compensation Deferral Agreement the Payment Schedule applicable to his or her Plan Accounts. If the Payment Schedule is not specified in a Compensation Deferral Agreement, the Payment Schedule shall be the Payment Schedule specified in Section 6.2.

(c) If the Participant elects on his or her Compensation Deferral Agreement to make Deferrals in an amount equal to any deferrals or matching contributions distributed as excess contributions from a qualified 401(k) plan maintained by the Company, then the Deferrals of the Participant for the Plan Year shall be increased (in such manner as the Committee shall specify) from and after the date such excess contributions are distributed until the total deferral obligation has been met.

4.2 Timing Requirements for Compensation Deferral Agreements.

(a) *First Year of Eligibility.* In the case of the first year in which an Eligible Employee becomes eligible to participate in the Plan, he has up to 30 days following his initial eligibility to submit a Compensation Deferral Agreement with respect to Compensation to be earned during such year. The Compensation Deferral Agreement described in this paragraph becomes irrevocable upon the end of such 30-day period. The determination of whether an Eligible Employee may file a Compensation Deferral Agreement under this paragraph shall be determined in accordance with the rules of Code Section 409A, including the provisions of Treas. Reg. Section 1.409A-2(a)(7).

A Compensation Deferral Agreement filed under this paragraph applies to Compensation earned on and after the date the Compensation Deferral Agreement becomes irrevocable.

(b) *Prior Year Election.* Except as otherwise provided in this Section 4.2, Participants may defer Compensation by filing a Compensation Deferral Agreement no later than December 31 of the year prior to the year in which the Compensation to be deferred is earned. A Compensation Deferral Agreement described in this paragraph shall become irrevocable with respect to such Compensation as of January 1 of the year in which such Compensation is earned.

(c) *Performance-Based Compensation.* Participants may file a Compensation Deferral Agreement with respect to Performance-Based Compensation no later than the date that is six months before the end of the performance period, provided that:

(i) the Participant performs services continuously from the later of the beginning of the performance period or the date the criteria are established through the date the Compensation Deferral Agreement is submitted; and

(ii) the Compensation is not readily ascertainable as of the date the Compensation Deferral Agreement is filed.

A Compensation Deferral Agreement becomes irrevocable with respect to Performance-Based Compensation as of the day immediately following the latest date for filing such election. Any election to defer Performance-Based Compensation that is made in accordance with this paragraph and that becomes payable as a result of the Participant's death or Disability or upon a Change in Control prior to the satisfaction of the performance criteria, will be void.

(d) *Sales Commissions.* Sales commissions (as defined in Treas. Reg. Section 1.409A-2(a)(12)(i)) are considered to be earned in the taxable year of the Participant in which the customer remits payment to the Employer. The Compensation Deferral Agreement must be filed before the last day of the year preceding the year in which the sales commissions are earned and becomes irrevocable after that date.

(e) *Short-Term Deferrals.* Compensation that meets the definition of a "short-term deferral" described in Treas. Reg. Section 1.409A-1(b)(4) may be deferred in accordance with the rules of Article VII, applied as if the date the Substantial Risk of Forfeiture lapses is the date payments were originally scheduled to commence, provided, however, that the provisions of Section 7.3 shall not apply to payments attributable to a Change in Control.

(f) *Certain Forfeitable Rights.* With respect to a legally binding right to a payment in a subsequent year that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve months from the date the Participant obtains the legally binding right, an election to defer such Compensation may be made on or before the 30th day after the Participant obtains the legally binding right to the Compensation, provided that the election is made at least twelve months in advance of the earliest date at which the forfeiture condition could lapse. The Compensation Deferral Agreement described in this paragraph becomes irrevocable after such 30th day. If the forfeiture condition

applicable to the payment lapses before the end of the required service period as a result of the Participant's death or Disability or upon a Change in Control, the Compensation Deferral Agreement will be void unless it would be considered timely under another rule described in this Section.

(g) *Company Awards.* Participating Employers may unilaterally provide for deferrals of Company awards prior to the date of such awards. Deferrals of Company awards (such as sign-on, retention, or severance pay) may be negotiated with a Participant prior to the date the Participant has a legally binding right to such Compensation.

(h) *"Evergreen" Deferral Elections.* The Committee, in its discretion, may provide in the Compensation Deferral Agreement that such Compensation Deferral Agreement will continue in effect for each subsequent year or performance period. Such "evergreen" Compensation Deferral Agreements will become effective with respect to an item of Compensation on the date such election becomes irrevocable under this Section 4.2. An evergreen Compensation Deferral Agreement may be terminated or modified prospectively with respect to Compensation for which such election remains revocable under this Section 4.2. A Participant whose Compensation Deferral Agreement is cancelled in accordance with Section 4.6 will be required to file a new Compensation Deferral Agreement under this Article IV in order to recommence Deferrals under the Plan.

4.3 Allocation of Deferrals. A Compensation Deferral Agreement may allocate Deferrals to one or more Specified Date Accounts and/or to the Retirement/Termination Account. The Committee may, in its discretion, establish a minimum deferral period for Specified Date Accounts (for example, the third Plan Year following the year Compensation subject to the Compensation Deferral Agreement is earned).

4.4 Deductions from Pay. The Committee has the authority to determine the payroll practices under which any component of Compensation subject to a Compensation Deferral Agreement will be deducted from a Participant's Compensation.

4.5 Vesting. Participant Deferrals of cash Compensation shall be 100% vested at all times. Participant Deferrals of RSUs shall become vested upon the date any restrictions to which the RSUs are subject lapse.

4.6 Cancellation of Deferrals. The Committee may cancel a Participant's Deferrals: (i) for the balance of the Plan Year in which an Unforeseeable Emergency occurs, (ii) if the Participant receives a hardship distribution under the Employer's qualified 401(k) plan, through the end of the Plan Year in which the six month anniversary of the hardship distribution falls, and (iii) during periods in which the Participant is unable to perform the duties of his or her position or any substantially similar position due to a mental or

physical impairment that can be expected to result in death or last for a continuous period of at least six months, provided cancellation occurs by the later of the end of the taxable year of the Participant or the 15th day of the third month following the date the Participant incurs the disability (as defined in this paragraph (iii)).

ARTICLE V

Company Contributions

5.1 Discretionary Company Contributions. The Participating Employer may, from time to time in its sole and absolute discretion, credit Company Contributions to any Participant in any amount determined by the Participating Employer. Such contributions will be credited to a Participant's Retirement/Termination Account.

5.2 Vesting. Company Contributions described in Section 5.1, above, and the Earnings thereon, shall vest in accordance with the vesting schedule(s) established by the Committee at the time that the Company Contribution is made. If not otherwise provided, the following vesting schedule shall be used:

Number of Years of Service	Vested Percentage
Less than 1	0%
1 but less than 2	10%
2 but less than 3	30%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%
Death or Disability	100%

A Participating Employer may, at any time, in its sole discretion, increase a Participant's vested interest in a Company Contribution. The portion of a Participant's Accounts that remains unvested upon his or her Separation from Service after the application of the terms of this Section 5.2 shall be forfeited.

ARTICLE VI

Benefits

6.1 Benefits, Generally. A Participant shall be entitled to the following benefits under the Plan:

(a) *Retirement/Termination Benefit.* Upon the Participant's Separation from Service, he or she shall be entitled to a Retirement/Termination Benefit. The Retirement/Termination Benefit shall be equal to the vested portion of the

Retirement/Termination Account, the vested portion of the RSU Account, and (i) if the Retirement/Termination Account is payable in a lump sum, the unpaid balances of any Specified Date Accounts, or (ii) if the Retirement/Termination Account is payable in installments, the vested portion of any Specified Date Accounts with respect to which payments have not yet commenced. The Retirement/Termination Benefit shall be based on the value of those Account(s) as of the end of the month in which Separation from Service occurs or such later date as the Committee, in its sole discretion, shall determine. Payment of the Retirement/Termination Benefit will be made or begin in the month following the month in which Separation from Service occurs, provided, however, that with respect to a Participant who is a Specified Employee as of the date such Participant incurs a Separation from Service, payment will be made or begin on the first day of the seventh month following the month in which such Separation from Service occurs. If the Retirement/Termination Benefit is to be paid in the form of installments, any subsequent installment payments to a Specified Employee will be paid on the anniversary of the date the initial installment was made

(b) *Specified Date Benefit.* If the Participant has established one or more Specified Date Accounts, he or she shall be entitled to a Specified Date Benefit with respect to each such Specified Date Account. The Specified Date Benefit shall be equal to the vested portion of the Specified Date Account, based on the value of that Account as of the end of the month designated by the Participant at the time the Account was established or such later date as the Committee, in its sole discretion, shall determine. Payment of the Specified Date Benefit will be made or begin in the month following the designated month.

(c) *RSU Benefit.* If the Participant has established one or more RSU Accounts, he or she shall be entitled to payment of each such Account on the Settlement Date identified by the Participant at the time the Account was established. The RSU Benefit shall be based on the value of the RSU Account as of the end of the month designated by the Participant, with payment made in the month following such designated month.

(d) *Disability Benefit.* Upon a determination by the Committee that a Participant is Disabled, he or she shall be entitled to a Disability Benefit. The Disability Benefit shall be equal to the vested portion of the Retirement/Termination Account, the vested portion of the RSU Account, and (i) if the Retirement/Termination Account is payable in a lump sum, the unpaid balances of any Specified Date Accounts, or (ii) if the Retirement/Termination Account is payable in installments, the vested portion of any Specified Date Accounts that are not yet in pay status. The Disability Benefit shall be based on the value of the Accounts as of the last day of the month in which Disability occurs or such later date as the Committee, in its sole discretion, shall determine and will be paid in the following month.

(e) *Death Benefit.* In the event of the Participant's death, his or her designated Beneficiary(ies) shall be entitled to a Death Benefit. The Death Benefit shall be equal to the vested portion of the Retirement/Termination Account, the vested portion of the RSU Account, and (i) if the Retirement/Termination Account is payable in a lump sum, the unpaid balances of any Specified Date Accounts, or (ii) if the Retirement/Termination Account is payable in installments, the vested portion of any Specified Date Accounts that are not yet in pay status. The Death Benefit shall be based on the value of the Accounts as of the end of the month in which death occurred or such later date as the Committee, in its sole discretion, shall determine, with payment made in the following month.

(f) *Unforeseeable Emergency Payments.* A Participant who experiences an Unforeseeable Emergency may submit a written request to the Committee to receive payment of all or any portion of his or her vested Accounts. Whether a Participant or Beneficiary is faced with an Unforeseeable Emergency permitting an emergency payment shall be determined by the Committee based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be reimbursed through insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of Deferrals under this Plan. If an emergency payment is approved by the Committee, the amount of the payment shall not exceed the amount reasonably necessary to satisfy the need, taking into account the additional compensation that is available to the Participant as the result of cancellation of deferrals to the Plan, including amounts necessary to pay any taxes or penalties that the Participant reasonably anticipates will result from the payment. The amount of the emergency payment shall be subtracted first from the vested portion of the Participant's Retirement/Termination Account until depleted and then from the vested Specified Date Accounts, beginning with the Specified Date Account with the latest payment commencement date. Emergency payments shall be paid in a single lump sum within the 90-day period following the date the payment is approved by the Committee.

6.2 Form of Payment.

(a) *Retirement/Termination Benefit.* A Participant who is entitled to receive a Retirement/Termination Benefit shall receive payment of such benefit in a single lump sum, unless the Participant elects on his or her initial Compensation Deferral Agreement to have such benefit paid in one of the following alternative forms of payment (i) substantially equal annual installments over a period of two to ten years, as elected by the Participant; or (ii) a lump sum payment of a

percentage of the balance in the Retirement/Termination Account, with the balance paid in substantially equal annual installments over a period of two to ten years, as elected by the Participant.

(b) *Specified Date Benefit.* The Specified Date Benefit shall be paid in a single lump sum, unless the Participant elects on the Compensation Deferral Agreement with which the account was established to have the Specified Date Account paid in substantially equal annual installments over a period of two to five years, as elected by the Participant.

Notwithstanding any election of a form of payment by the Participant, upon a Separation from Service the unpaid balance of a Specified Date Account with respect to which payments have not commenced shall be paid in accordance with the form of payment applicable to the Retirement, Termination, Disability or Death Benefit. If such benefit is payable in a single lump sum, the unpaid balance of all Specified Date Accounts (including those in pay status) will be paid in a lump sum.

(c) *RSU Benefit*. The RSU Benefit shall be paid in a single lump sum in whole shares of Company Stock.

(d) *Disability Benefit.* A Participant who is entitled to receive a Disability Benefit shall receive payment of such benefit accordance with the Payment Schedule applicable to the Retirement/Termination Benefit.

(e) *Death Benefit.* A designated Beneficiary who is entitled to receive a Death Benefit shall receive payment of such benefit (i) in a single lump sum, if Death occurs prior to Separation from Service, or (ii) in accordance with the Retirement/Termination Account Payment Schedule if death occurs after Separation from Service.

(f) *Change in Control.* Upon initial enrollment in the Plan, a Participant may elect to receive a single lump sum payment of their vested Account Balance(s) as soon as practicable following a Change in Control (regardless of whether said Participant has experienced a Separation from Service). Such election shall be irrevocable. In the absence of such election, no distribution shall be made to the Participant upon a Change in Control. Notwithstanding anything to the contrary, in the event of a Change in Control, the balance of any RSU Account shall be paid in a single lump sum within 90 days of the date of the Change in Control.

(g) *Small Account Balances.* The Committee shall pay the value of the Participant’s Accounts upon a Separation from Service in a single lump sum if the balance of such Accounts is not greater than $25,000.

(h) *Rules Applicable to Installment Payments.* If a Payment Schedule specifies installment payments, annual payments will be made beginning as of the payment commencement date for such installments and shall continue on each anniversary thereof until the number of installment payments specified in the Payment Schedule has been paid. The amount of each installment payment shall be determined by dividing (a) by (b), where (a) equals the Account Balance as of the Valuation Date and (b) equals the remaining number of installment payments.

For purposes of Article VII, installment payments will be treated as a single form of payment. If a lump sum equal to less than 100% of the Retirement/Termination Account is paid, the payment commencement date for the installment form of payment will be the first anniversary of the payment of the lump sum.

6.3 Acceleration of or Delay in Payments. The Committee, in its sole and absolute discretion, may elect to accelerate the time or form of payment of a benefit owed to the Participant hereunder, provided such acceleration is permitted under Treas. Reg. Section 1.409A-3(j)(4). The Committee may also, in its sole and absolute discretion, delay the time for payment of a benefit owed to the Participant hereunder, to the extent permitted under Treas. Reg. Section 1.409A-2(b)(7). If the Plan receives a domestic relations order (within the meaning of Code Section 414(p)(1)(B)) directing that all or a portion of a Participant’s Accounts be paid to an “alternate payee,” any amounts to be paid to the alternate payee(s) shall be paid in a single lump sum.

ARTICLE VII

Modifications to Payment Schedules

7.1 Participant’s Right to Modify. A Participant may modify any or all of the alternative Payment Schedules with respect to an Account, consistent with the permissible Payment Schedules available under the Plan, provided such modification complies with the requirements of this Article VII. Notwithstanding the foregoing, prior to January 1, 2009, the Committee may permit a Participant to modify any or all of the alternative Payment Schedules with respect to an Account, consistent with the permissible Payment Schedules available under the Plan, and without regard to Sections 7.2, 7.3 and 7.4 hereof, provided such modification complies with the requirements of IRS Notice 2007-86.

7.2 Time of Election. The date on which a modification election is submitted to the Committee must be at least twelve months prior to the date on which payment is scheduled to commence under the Payment Schedule in effect prior to the modification.

7.3 Date of Payment under Modified Payment Schedule. Except with respect to modifications that relate to the payment of a Death Benefit or a Disability Benefit, the date payments are to commence under the modified Payment Schedule must be no earlier than five years after the date payment would have commenced under the original Payment Schedule. Under no circumstances may a modification election result in an acceleration of payments in violation of Code Section 409A.

7.4 Effective Date. A modification election submitted in accordance with this Article VII is irrevocable upon receipt by the Committee and becomes effective 12 months after such date.

7.5 Effect on Accounts. An election to modify a Payment Schedule is specific to the Account or payment event to which it applies, and shall not be construed to affect the Payment Schedules of any other Accounts.

ARTICLE VIII

Valuation of Account Balances; Investments

8.1 Valuation. Deferrals shall be credited to appropriate Accounts on the date such Compensation would have been paid to the Participant absent the Compensation Deferral Agreement. Company Contributions shall be credited to the Retirement/Termination Account at the times determined by the Committee. Valuation of Accounts shall be performed under procedures approved by the Committee.

8.2 Earnings Credit. Each Account will be credited with Earnings on each Business Day, based upon the Participant’s investment allocation among a menu of investment options selected in advance by the Committee, in accordance with the provisions of this Article VIII (“investment allocation”).

8.3 Investment Options. Investment options will be determined by the Committee. The Committee, in its sole discretion, shall be permitted to add or remove investment options from the Plan menu from time to time, provided that any such additions or removals of investment options shall not be effective with respect to any period prior to the effective date of such change.

8.4 Investment Allocations. A Participant’s investment allocation constitutes a deemed, not actual, investment among the investment options comprising the investment menu. At no time shall a Participant have any real or beneficial ownership in any investment option included in the investment menu, nor shall the Participating Employer or any trustee acting on its behalf have any obligation to purchase actual securities as a result of a Participant’s investment allocation. A Participant’s investment allocation shall be used solely for purposes of adjusting the value of a Participant’s Account Balances.

A Participant shall specify an investment allocation for each of his Accounts in accordance with procedures established by the Committee. Allocation among the investment options must be designated in increments of 1%. The Participant’s investment allocation will become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day.

A Participant may change an investment allocation on any Business Day, both with respect to future credits to the Plan and with respect to existing Account Balances, in accordance with procedures adopted by the Committee. Changes shall become effective on the same Business Day or, in the case of investment allocations received after a time specified by the Committee, the next Business Day, and shall be applied prospectively.

8.5 Unallocated Deferrals and Accounts. If the Participant fails to make an investment allocation with respect to an Account, such Account shall be invested in an investment option, the primary objective of which is the preservation of capital, as determined by the Committee.

8.6 Company Stock. For purposes of valuing Accounts, all deferrals of RSUs or other equity-based Compensation shall be allocated to Company Stock and may not be re-allocated into another investment option.

ARTICLE IX

Administration

9.1 Plan Administration. This Plan shall be administered by the Committee which shall have discretionary authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to utilize its discretion to decide or resolve any and all questions, including but not limited to eligibility for benefits and interpretations of this Plan and its terms, as may arise in connection with the Plan. Claims for benefits shall be filed with the Committee and resolved in accordance with the claims procedures in Article XII.

9.2 Administration Upon Change in Control. Upon a Change in Control, the Committee, as constituted immediately prior to such Change in Control, shall continue to act as the Committee.

The Participating Employer shall, with respect to the Committee identified under this Section, (i) pay all reasonable expenses and fees of the Committee, (ii) indemnify the Committee (including individuals serving as Committee members) against any costs, expenses and liabilities including, without limitation, attorneys’ fees and expenses arising in connection with the performance of the Committee’s duties hereunder, except with respect to matters resulting from the Committee’s gross negligence or willful misconduct and (iii) supply full and timely information to the Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Committee may reasonably require.

9.3 Withholding. The Participating Employer shall have the right to withhold from any payment due under the Plan (or with respect to any amounts credited to the Plan) any taxes required by law to be withheld in respect of such payment (or credit). Withholdings with respect to amounts credited to the Plan shall be deducted from Compensation that has not been deferred to the Plan. Withholdings with respect to payment of RSU Benefits may be satisfied by withholding a number of shares needed to satisfy any withholding requirements.

9.4 Indemnification. The Participating Employers shall indemnify and hold harmless each employee, officer, or director to whom or to which are delegated duties, responsibilities, and authority under the Plan or otherwise with respect to administration of the Plan, including, without limitation, the Committee and its agents, against all claims, liabilities, fines and penalties, and all expenses reasonably incurred by or imposed upon him or it (including but not limited to reasonable attorney fees) which arise as a result of his or its actions or failure to act in connection with the operation and administration of the Plan to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty, or expense is not paid for by liability insurance purchased or paid for by the Participating Employer. Notwithstanding the foregoing, the Participating Employer shall not indemnify any person if his or its actions or failure to act are due to gross negligence or willful misconduct or for any such amount incurred through any settlement or compromise of any action unless the Participating Employer consents in writing to such settlement or compromise.

9.5 Delegation of Authority. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who shall be legal counsel to the Company.

9.6 Binding Decisions or Actions. The decision or action of the Committee in respect of any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations thereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

ARTICLE X

Amendment and Termination

10.1 Amendment and Termination. The Company may at any time and from time to time amend the Plan or may terminate the Plan as provided in this Article X. Each Participating Employer may also terminate its participation in the Plan.

10.2 Amendments. The Company, by action taken by its Board of Directors, may amend the Plan at any time and for any reason, provided that any such amendment shall not reduce the vested Account Balances of any Participant accrued as of the date of any such

amendment or restatement (as if the Participant had incurred a voluntary Separation from Service on such date) or reduce any rights of a Participant under the Plan or other Plan features with respect to Deferrals made prior to the date of any such amendment or restatement without the consent of the Participant. The Board of Directors of the Company may delegate to the Committee the authority to amend the Plan without the consent of the Board of Directors for the purpose of (i) conforming the Plan to the requirements of law, (ii) facilitating the administration of the Plan, (iii) clarifying provisions based on the Committee's interpretation of the document and (iv) making such other amendments as the Board of Directors may authorize.

10.3 Termination. The Company, by action taken by its Board of Directors, may terminate the Plan and pay Participants and Beneficiaries their Account Balances in a single lump sum at any time, to the extent and in accordance with Treas. Reg. Section 1.409A-3(j)(4)(ix). If a Participating Employer terminates its participation in the Plan, the benefits of affected Employees shall be paid at the time provided in Article VI.

10.4 Accounts Taxable Under Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for deferral of income taxation under Code Section 409A. The Committee, pursuant to its authority to interpret the Plan, may sever from the Plan or any Compensation Deferral Agreement any provision or exercise of a right that otherwise would result in a violation of Code Section 409A.

ARTICLE XI

Informal Funding

11.1 General Assets. Obligations established under the terms of the Plan may be satisfied from the general funds of the Participating Employers, or a trust described in this Article XI. No Participant, spouse or Beneficiary shall have any right, title or interest whatever in assets of the Participating Employers. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employers and any Employee, spouse, or Beneficiary. To the extent that any person acquires a right to receive payments hereunder, such rights are no greater than the right of an unsecured general creditor of the Participating Employer.

11.2 Rabbi Trust. A Participating Employer may, in its sole discretion, establish a grantor trust, commonly known as a rabbi trust, as a vehicle for accumulating assets to pay benefits under the Plan. Payments under the Plan may be paid from the general assets of the Participating Employer or from the assets of any such rabbi trust. Payment from any such source shall reduce the obligation owed to the Participant or Beneficiary under the Plan.

ARTICLE XII

Claims

12.1 Filing a Claim. Any controversy or claim arising out of or relating to the Plan shall be filed in writing with the Committee which shall make all determinations concerning such claim. Any claim filed with the Committee and any decision by the Committee denying such claim shall be in writing and shall be delivered to the Participant or Beneficiary filing the claim (the “Claimant”).

(a) *In General.* Notice of a denial of benefits (other than Disability benefits) will be provided within ninety (90) days of the Committee’s receipt of the Claimant’s claim for benefits. If the Committee determines that it needs additional time to review the claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial ninety (90) day period. The extension will not be more than ninety (90) days from the end of the initial ninety (90) day period and the notice of extension will explain the special circumstances that require the extension and the date by which the Committee expects to make a decision.

(b) *Disability Benefits.* Notice of denial of Disability benefits will be provided within forty-five (45) days of the Committee’s receipt of the Claimant’s claim for Disability benefits. If the Committee determines that it needs additional time to review the Disability claim, the Committee will provide the Claimant with a notice of the extension before the end of the initial forty-five (45) day period. If the Committee determines that a decision cannot be made within the first extension period due to matters beyond the control of the Committee, the time period for making a determination may be further extended for an additional thirty (30) days. If such an additional extension is necessary, the Committee shall notify the Claimant prior to the expiration of the initial thirty (30) day extension. Any notice of extension shall indicate the circumstances necessitating the extension of time, the date by which the Committee expects to furnish a notice of decision, the specific standards on which such entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim and any additional information needed to resolve those issues. A Claimant will be provided a minimum of forty-five (45) days to submit any necessary additional information to the Committee. In the event that a thirty (30) day extension is necessary due to a Claimant’s failure to submit information necessary to decide a claim, the period for furnishing a notice of decision shall be tolled from the date on which the notice of the extension is sent to the Claimant until the earlier of the date the Claimant responds to the request for additional information or the response deadline.

(c) *Contents of Notice.* If a claim for benefits is completely or partially denied, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language. The notice shall (i) cite the pertinent provisions of the Plan document

and (ii) explain, where appropriate, how the Claimant can perfect the claim, including a description of any additional material or information necessary to complete the claim and why such material or information is necessary. The claim denial also shall include an explanation of the claims review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision on review. In the case of a complete or partial denial of a Disability benefit claim, the notice shall provide a statement that the Committee will provide to the Claimant, upon request and free of charge, a copy of any internal rule, guideline, protocol, or other similar criterion that was relied upon in making the decision.

12.2 Appeal of Denied Claims. A Claimant whose claim has been completely or partially denied shall be entitled to appeal the claim denial by filing a written appeal with a committee designated to hear such appeals (the "Appeals Committee"). A Claimant who timely requests a review of the denied claim (or his or her authorized representative) may review, upon request and free of charge, copies of all documents, records and other information relevant to the denial and may submit written comments, documents, records and other information relevant to the claim to the Appeals Committee. All written comments, documents, records, and other information shall be considered "relevant" if the information (i) was relied upon in making a benefits determination,(ii) was submitted, considered or generated in the course of making a benefits decision regardless of whether it was relied upon to make the decision, or (iii) demonstrates compliance with administrative processes and safeguards established for making benefit decisions. The Appeals Committee may, in its sole discretion and if it deems appropriate or necessary, decide to hold a hearing with respect to the claim appeal.

(a) *In General.* Appeal of a denied benefits claim (other than a Disability benefits claim) must be filed in writing with the Appeals Committee no later than sixty (60) days after receipt of the written notification of such claim denial. The Appeals Committee shall make its decision regarding the merits of the denied claim within sixty (60) days following receipt of the appeal (or within one hundred and twenty (120) days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. The review will take into account comments, documents, records and other information submitted by the Claimant relating to the claim without regard to whether such information was submitted or considered in the initial benefit determination.

(b) *Disability Benefits.* Appeal of a denied Disability benefits claim must be filed in writing with the Appeals Committee no later than one hundred eighty (180) days after receipt of the written notification of such claim denial. The review shall be conducted by the Appeals Committee (exclusive of the person who made the initial adverse decision or such person's subordinate). In reviewing the appeal, the Appeals Committee shall (i) not afford deference to the initial denial of the claim, (ii) consult a medical professional who has appropriate training and experience in the field of medicine relating to the Claimant's disability and who was neither consulted as part of the initial denial nor is the subordinate of such individual and (iii) identify the medical or vocational experts whose advice was obtained with respect to the initial benefit denial, without regard to whether the advice was relied upon in making the decision. The Appeals Committee shall make its decision regarding the merits of the denied claim within forty-five (45) days following receipt of the appeal (or within ninety (90) days after such receipt, in a case where there are special circumstances requiring extension of time for reviewing the appealed claim). If an extension of time for reviewing the appeal is required because of special circumstances, written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension. The notice will indicate the special circumstances requiring the extension of time and the date by which the Appeals Committee expects to render the determination on review. Following its review of any additional information submitted by the Claimant, the Appeals Committee shall render a decision on its review of the denied claim.

(c) *Contents of Notice.* If a benefits claim is completely or partially denied on review, notice of such denial shall be in writing and shall set forth the reasons for denial in plain language.

The decision on review shall set forth (i) the specific reason or reasons for the denial, (ii) specific references to the pertinent Plan provisions on which the denial is based, (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, or other information relevant (as defined above) to the Claimant's claim, and (iv) a statement describing any voluntary appeal procedures offered by the plan and a statement of the Claimant's right to bring an action under Section 502(a) of ERISA.

(d) For the denial of a Disability benefit, the notice will also include a statement that the Appeals Committee will provide, upon request and free of charge, (i) any internal rule, guideline, protocol or other similar criterion relied upon in making the decision, (ii) any medical opinion relied upon to make the decision and (iii) the required statement under Section 2560.503-1(j)(5)(iii) of the Department of Labor regulations.

12.3 Claims Appeals Upon Change in Control. Upon a Change in Control, the Appeals Committee, as constituted immediately prior to such Change in Control, shall continue to act as the Appeals Committee. Upon such Change in Control, the Company may not remove any member of the Appeals Committee, but may replace resigning members if 2/3rds of the members of the Board of Directors of the Company and a majority of Participants and Beneficiaries with Account Balances consent to the replacement.

The Appeals Committee shall have the exclusive authority at the appeals stage to interpret the terms of the Plan and resolve appeals under the Claims Procedure.

Each Participating Employer shall, with respect to the Committee identified under this Section, (i) pay its proportionate share of all reasonable expenses and fees of the Appeals Committee, (ii) indemnify the Appeals Committee (including individual committee members) against any costs, expenses and liabilities including, without limitation, attorneys' fees and expenses arising in connection with the performance of the Appeals Committee hereunder, except with respect to matters resulting from the Appeals Committee's gross negligence or willful misconduct and (iii) supply full and timely information to the Appeals Committee on all matters related to the Plan, any rabbi trust, Participants, Beneficiaries and Accounts as the Appeals Committee may reasonably require.

12.4 Legal Action. A Claimant may not bring any legal action, including commencement of any arbitration, relating to a claim for benefits under the Plan unless and until the Claimant has followed the claims procedures under the Plan and exhausted his or her administrative remedies under such claims procedures.

If a Participant or Beneficiary prevails in a legal proceeding brought under the Plan to enforce the rights of such Participant or any other similarly situated Participant or Beneficiary, in whole or in part, the Participating Employer shall reimburse such Participant or Beneficiary for all legal costs, expenses, attorneys' fees and such other liabilities incurred as a result of such proceedings. If the legal proceeding is brought in connection with a Change in Control, or a "change in control" as defined in a rabbi trust described in Section 11.2, the Participant or Beneficiary may file a claim directly with the trustee for reimbursement of such costs, expenses and fees. For purposes of the preceding sentence, the amount of the claim shall be treated as if it were an addition to the Participant's or Beneficiary's Account Balance.

12.5 Discretion of Appeals Committee. All interpretations, determinations and decisions of the Appeals Committee with respect to any claim shall be made in its sole discretion, and shall be final and conclusive.

ARTICLE XIII

General Provisions

13.1 Assignment. No interest of any Participant, spouse or Beneficiary under this Plan and no benefit payable hereunder shall be assigned as security for a loan, and any such purported assignment shall be null, void and of no effect, nor shall any such interest or any such benefit be subject in any manner, either voluntarily or involuntarily, to anticipation, sale, transfer, assignment or encumbrance by or through any Participant, spouse or Beneficiary. Notwithstanding anything to the contrary herein, however, the Committee has the discretion to make payments to an alternate payee in accordance with the terms of a domestic relations order (as defined in Code Section 414(p)(1)(B)).

The Company may assign any or all of its liabilities under this Plan in connection with any restructuring, recapitalization, sale of assets or other similar transaction affecting a Participating Employer without the consent of the Participants.

13.2 No Legal or Equitable Rights or Interest. No Participant or other person shall have any legal or equitable rights or interest in this Plan that are not expressly granted in this Plan. Participation in this Plan does not give any person any right to be retained in the service of the Participating Employer. The right and power of a Participating Employer to dismiss or discharge an Employee is expressly reserved. The Participating Employers make no representations or warranties as to the tax consequences to a Participant or a Participant's beneficiaries resulting from a deferral of income pursuant to the Plan.

13.3 No Employment Contract. Nothing contained herein shall be construed to constitute a contract of employment between an Employee and a Participating Employer.

13.4 Notice. Any notice or filing required or permitted to be delivered to the Committee under this Plan shall be delivered in writing, in person, or through such electronic means as is established by the Committee. Notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Written transmission shall be sent by certified mail to:

**AMN HEALTHCARE, INC.
ATTN: DIRECTOR OF HUMAN RESOURCES
12400 HIGH BLUFF DRIVE
SAN DIEGO, CA 92130**

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing or hand-delivered, or sent by mail to the last known address of the Participant.

13.5 Headings. The headings of Sections are included solely for convenience of reference, and if there is any conflict between such headings and the text of this Plan, the text shall control.

13.6 Invalid or Unenforceable Provisions. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof and the Committee may elect in its sole discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

13.7 Lost Participants or Beneficiaries. Any Participant or Beneficiary who is entitled to a benefit from the Plan has the duty to keep the Committee advised of his or her current mailing address. If benefit payments are returned to the Plan or are not presented for payment after a reasonable amount of time, the Committee shall presume that the payee is missing. The Committee, after making such efforts as in its discretion it deems reasonable and appropriate to locate the payee, shall stop payment on any uncashed checks and may discontinue making future payments until contact with the payee is restored.

13.8 Facility of Payment to a Minor. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Company, and the Plan from further liability on account thereof.

13.9 Governing Law. To the extent not preempted by ERISA, the laws of the State of Delaware shall govern the construction and administration of the Plan.

IN WITNESS WHEREOF, the undersigned executed this Plan as of the__day of____, 2008, to be effective as of the Effective Date.

AMN Healthcare, Inc.

By: ________________________________ (Print Name)

Its: ________________________________ (Title)

____________________________________ (Signature)

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: November 7, 2008

/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: November 7, 2008

/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 September 30, 2008, 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: November 7, 2008

/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 September 30, 2008, 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: November 7, 2008

/s/ DAVID C. DREYER

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