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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**

Or

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

For the quarterly period ended March 31, 2005

Commission File No.: 001-16753

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

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

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

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

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

As of May 9, 2005, there were 28,744,547 shares of common stock, $0.01 par value, outstanding.

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PART I—FINANCIAL INFORMATION

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

AMN HEALTHCARE SERVICES, INC.

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

	March 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,518	$ 3,908
Accounts receivable, net of allowance of $1,727 and $1,752 at March 31, 2005 and December 31, 2004, respectively	110,215	108,825
Prepaid expenses	12,046	11,703
Deferred income taxes, net	1,692	1,210
Other current assets	1,780	1,759
Total current assets	136,251	127,405
Fixed assets, net	17,613	17,833
Deferred income taxes, net	—	508
Deposits and other assets	2,544	2,265
Goodwill, net	135,449	135,449
Other intangibles, net	3,302	3,500
Total assets	$ 295,159	$ 286,960
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	$ —	$ 1,093
Accounts payable and accrued expenses	12,848	13,084
Accrued compensation and benefits	41,938	29,970
Income taxes payable	1,524	790
Current portion of notes payable	6,855	4,863
Other current liabilities	355	351
Total current liabilities	63,520	50,151
Notes payable, less current portion	85,652	96,860
Deferred income taxes, net	686	—
Other long-term liabilities	3,502	3,173
Total liabilities	153,360	150,184
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value; 200,000 shares authorized; 43,421 and 43,221 shares issued at March 31, 2005 and December 31, 2004, respectively	434	432
Additional paid-in capital	353,322	352,456
Treasury stock, at cost (14,877 shares at March 31, 2005 and December 31, 2004)	(249,538)	(249,538)
Retained earnings	37,148	33,155
Accumulated other comprehensive income	433	271
Total stockholders' equity	141,799	136,776
Total liabilities and stockholders' equity	$ 295,159	$ 286,960

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 March 31,	
	2005	2004
Revenue	$ 156,842	$ 161,265
Cost of revenue	121,125	125,436
Gross profit	35,717	35,829
Operating expenses:		
Selling, general and administrative, excluding non-cash stock-based compensation	26,246	24,598
Non-cash stock-based compensation	40	218
Depreciation and amortization	1,079	1,465
Total operating expenses	27,365	26,281
Income from operations	8,352	9,548
Interest expense, net	1,756	2,134
Income before income taxes	6,596	7,414
Income tax expense	2,603	2,855
Net income	$ 3,993	$ 4,559
Net income per common share:		
Basic	$ 0.14	$ 0.16
Diluted	$ 0.13	$ 0.15
Weighted average common shares outstanding:		
Basic	28,376	28,120
Diluted	31,461	31,294

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(Unaudited and in thousands)

	Three Months Ended March 31, 2005						
	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount					
Balance, December 31, 2004	43,221	$ 432	$ 352,456	$ (249,538)	$ 33,155	$ 271	$ 136,776
Exercise of stock options	200	2	826	—	—	—	828
Stock-based compensation	—	—	40	—	—	—	40
Comprehensive income:							
Foreign currency translation adjustment	—	—	—	—	—	10	10
Unrealized gain for derivative financial instruments, net of tax	—	—	—	—	—	152	152
Net income	—	—	—	—	3,993	—	3,993
Total comprehensive income							4,155
Balance, March 31, 2005	43,421	$ 434	$ 353,322	$ (249,538)	$ 37,148	$ 433	$ 141,799

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Three Months Ended March 31,	
	2005	2004
Cash flows from operating activities:		
Net income	$ 3,993	$ 4,559
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,079	1,465
Provision for (recovery of) bad debts	202	(250)
Non-cash interest expense	255	247
Provision for deferred income taxes	618	1,024
Non-cash stock-based compensation	40	218
(Gain) loss on disposal or sale of fixed assets	(63)	7
Changes in assets and liabilities:		
Accounts receivable	(1,592)	(4,326)
Prepaid expenses and other current assets	(364)	(1,586)
Deposits and other assets	(33)	(65)
Accounts payable and accrued expenses	(236)	(1,899)
Accrued compensation and benefits	11,968	4,185
Income taxes payable	734	1,666
Other liabilities	333	438
Net cash provided by operating activities	16,934	5,683
Cash flows from investing activities:		
Purchase and development of fixed assets	(771)	(1,510)
Net cash used in investing activities	(771)	(1,510)
Cash flows from financing activities:		
Capital lease repayments	(82)	(83)
Proceeds from issuance of notes payable	2,500	—
Payments on notes payable	(11,716)	(1,900)
Repurchase of common stock and options	—	(111)
Proceeds from issuance of common stock	828	—
Change in bank overdraft	(1,093)	—
Net cash used in financing activities	(9,563)	(2,094)
Effect of exchange rate changes on cash	10	(2)
Net increase in cash and cash equivalents	6,610	2,077
Cash and cash equivalents at beginning of period	3,908	4,687
Cash and cash equivalents at end of period	$ 10,518	$ 6,764
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $9 capitalized)	$ 1,493	$ 1,799
Cash paid for income taxes	$ 1,231	$ 151
Supplemental disclosures of non-cash investing and financing activities:		
Net change in foreign currency translation adjustment and unrealized gain (loss) on derivative financial instruments, net of tax	$ 162	$ (312)

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, except as described below. 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, 2004, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

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.

During the three months ended March 31, 2005, the Company recorded a $0.9 million correcting adjustment to increase its workers' compensation reserve, resulting in a $0.6 million decrease to net income, in order to expense claim administration fees incurred during fiscal years 2002, 2003 and 2004 that had been previously incorrectly applied against the workers' compensation reserve. During the same period, the Company recorded a $0.3 million correcting adjustment to decrease accumulated depreciation and depreciation expense, resulting in a $0.2 million increase to net income, for excess depreciation incorrectly recorded during fiscal years 2003 and 2004. The Company recorded the cumulative impact of these two accounting corrections during the first quarter of 2005, as the amounts are not material to fiscal years 2002, 2003 or 2004, and are not expected to be material to fiscal year 2005.

2. STOCK-BASED COMPENSATION

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board, "APB," Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations including Financial Accounting Standards Board, "FASB," Interpretation No. 44, *Accounting for Certain Transactions involving Stock Compensation, an Interpretation of APB Opinion No. 25*, and Emerging Issues Task Force, "EITF," 00-23, *Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FASB Interpretation No. 44*, to account for its stock option plans. Under this method, compensation expense for fixed plans is recognized only if, on the date of grant, the then current market price of the underlying stock exceeds the exercise price, and is recorded on a straight-line basis over the applicable vesting period. Compensation expense for variable plans is measured at the end of each reporting period until the related performance criteria are met and is measured based on the excess of the then current market price of the underlying stock over the exercise price. Statement of Financial Accounting Standards, "SFAS," No. 123, *Accounting for Stock-Based Compensation*, established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has

elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of SFAS No. 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*.

The following table compares net income per share as reported by the Company to the pro forma amounts that would be reported had compensation expense been recognized for the Company's stock-based compensation plans in accordance with SFAS No. 123 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2005	2004
As reported:		
Net income	$ 3,993	$ 4,559
Stock-based employee compensation, net of tax	$ 25	$ 134
Net income per common share:		
Basic	$ 0.14	$ 0.16
Diluted	$ 0.13	$ 0.15
Pro forma:		
Net income, as reported	$ 3,993	$ 4,559
Incremental stock-based employee compensation per SFAS No. 123, net of tax	(759)	(577)
Pro forma net income	$ 3,234	$ 3,982
Pro forma net income per common share:		
Basic	$ 0.11	$ 0.14
Diluted	$ 0.10	$ 0.13

The fair value of the stock-based employee compensation under SFAS No. 123 was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended March 31,	
	2005	2004
Expected life	5 years	5 years
Risk-free interest rate	3.50%	2.62%
Volatility	51%	61%
Dividend yield	0%	0%

3. 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 options.

Options to purchase 1,512,000 and 655,000 shares of common stock for the three month periods ended March 31, 2005 and March 31, 2004, respectively, were not included in the calculations of diluted net income per common share because the effect of these instruments was anti-dilutive.

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table sets forth the computation of basic and diluted net income per common share for the periods ended March 31, 2005 and 2004 (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2005	2004
Net income	$ 3,993	$ 4,559
Weighted average common shares outstanding—basic	28,376	28,120
Net income per common share—basic	$ 0.14	$ 0.16
Weighted average common shares outstanding—basic	28,376	28,120
Plus dilutive stock options	3,085	3,174
Weighted average common shares outstanding—diluted	31,461	31,294
Net income per common share—diluted	$ 0.13	$ 0.15

4. COMPREHENSIVE INCOME

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting of comprehensive income and its components. Comprehensive income (loss) includes net income, net gains and losses on derivative contracts and foreign currency translation adjustments. For the three months ended March 31, 2005 and 2004, comprehensive income was $4,155,000 and $4,247,000 and included a $152,000 and ($305,000) unrealized gain (loss) on interest rate swap arrangements, net of tax, and a $10,000 and ($7,000) foreign currency translation adjustment gain (loss), respectively.

5. IDENTIFIABLE INTANGIBLE ASSETS

As of March 31, 2005 and December 31, 2004, the Company had the following acquired intangible assets with definite lives (in thousands):

	March 31, 2005		December 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Noncompete agreements	$ 400	$ (343)	$ 400	$ (318)
Deferred financing costs	5,701	(2,456)	5,619	(2,201)
Total	$ 6,101	$ (2,799)	$ 6,019	$ (2,519)

Aggregate amortization expense for the intangible assets presented in the above table was $280,000 and $336,000 for the three months ended March 31, 2005 and March 31, 2004, respectively. Amortization of deferred financing costs is included in interest expense. Estimated future aggregate amortization expense of intangible assets as of March 31, 2005 is as follows (in thousands):

	Amount
Nine months ending December 31, 2005	$ 775
Year ending December 31, 2006	$ 971
Year ending December 31, 2007	$ 930
Year ending December 31, 2008	$ 626

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, 2004. 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."

Overview

We are a leading temporary healthcare staffing company and the largest nationwide provider of travel nurse staffing services. We recruit nurses and allied health professionals, our "temporary healthcare professionals," nationally and internationally and place them on temporary assignments of variable lengths at acute care hospitals and healthcare facilities throughout the United States.

For the three months ended March 31, 2005, we recorded revenue of $156.8 million, as compared to revenue of $161.3 million for the three months ended March 31, 2004. The number of temporary healthcare professionals on assignment averaged 6,350 and 6,349 in the three months ended March 31, 2005 and 2004, respectively. We recorded net income of $4.0 million for the three months ended March 31, 2005, as compared to net income of $4.6 million for the three months ended March 31, 2004.

Our services are marketed to two distinct customer bases: (1) temporary healthcare professionals and (2) hospital and healthcare facility clients. We use a multi-brand recruiting strategy to enhance our ability to successfully attract temporary healthcare professionals in the United States and internationally. Our separate recruitment brands, American Mobile Healthcare, Medical Express, NursesRx, Preferred Healthcare Staffing, Thera Tech Staffing and O'Grady-Peyton International, have distinct geographic market strengths and brand reputations. Nurses and allied healthcare professionals join us for a variety of reasons that include: seeking flexible work opportunities, traveling to different areas of the country, building their clinical skills and resume by working at prestigious healthcare facilities, and escaping the demands and political environment of working as a permanent staff nurse. Our large number of hospital and healthcare facility clients provides us with the opportunity to offer traveling positions in all 50 states and in a variety of work environments. In addition, we provide our temporary healthcare professionals with an attractive benefits package, including free or subsidized housing, travel reimbursement, professional development opportunities, 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 temporary healthcare professionals.

We market our services to hospitals and healthcare facilities under one brand, AMN Healthcare, as a single staffing provider with access to temporary healthcare professionals from separate recruitment brands. As of March 31, 2005, we had over 6,000 hospital and healthcare facility clients. Over 95% of our temporary healthcare professional assignments are at acute-care hospitals. Our clients include hospitals and healthcare systems such as Georgetown University Hospital, HCA, NYU Medical Center, Stanford Health Care, UCLA Medical Center and The University of Chicago Hospitals. We also provide services to sub-acute healthcare facilities, dialysis centers, clinics and schools. Our hospital and healthcare facility clients utilize our services to cost-effectively manage shortages in their staff due to a variety of circumstances, such as the Family Medical Leave Act (FMLA), new unit openings, seasonal patient census variations and other short and long-term staffing needs. In addition to providing continuity of care and quality patient care, we believe hospitals and healthcare facilities contract with us due to our high-quality temporary healthcare professionals, our ability to meet their specific staffing needs, our flexible staffing assignment lengths, our reliable and deep infrastructure, our superior customer service and our ability to offer a large national network of temporary healthcare professionals.

We believe that we have organized our operating model to deliver consistent, high-quality sales and service to our two distinct client bases. Processes within our operating model have been developed and are in place with

the intent to maximize the quantity and quality of assignment requests, or "orders," from our hospital and healthcare facility clients and increase the expediency and probability of successfully placing our temporary healthcare professionals. The consistent quality of the benefit and support services which we provide to our temporary healthcare professionals is also critical to our success because the majority of our temporary healthcare professionals stay with us for multiple assignments.

Recent Trends

From 1996 through 2000, the temporary healthcare staffing industry grew at a compound annual growth rate of 13%, and this growth accelerated to a compound annual growth rate of approximately 21% from 2000 to 2002. During 2003, the demand for temporary healthcare professionals declined due to a number of factors. In particular, we believe hospitals increased their nurse recruitment efforts, stretched the productivity of permanent staff and maximized cost control efforts to eliminate or reduce outsourced staffing solutions. In addition, we believe permanent staff at our hospital and healthcare facility clients, influenced by economic conditions during 2003, were more likely to work overtime and less likely to leave their positions, creating fewer vacancies and fewer opportunities for us to recruit and place our temporary healthcare professionals.

Demand for our services stabilized from April 2003 through late 2003, and has increased each quarter from the fourth quarter of 2003 through the first quarter of 2005. We believe that this improvement in demand has been caused by a number of factors, including an increase in hospital admissions, legislation impacting healthcare staffing such as the California nurse-to-patient staffing ratios that went into effect in January 2004, an improving economy and our increased focus on our hospital and healthcare facility clients. While this rise in demand is positive and creates opportunities for growth, increases in the supply of new temporary healthcare professional candidates has grown, but at a slower pace than demand.

We primarily draw our supply of temporary healthcare professionals from national recruitment efforts through our targeted multi-brand recruitment strategy. We believe that sustained growth in hospital and healthcare facility orders will generate increasing interest and new recruiting opportunities in travel nursing. Recently, international supply channels have represented a small but growing supply source; however, our ability to recruit healthcare professionals through these foreign supply channels may be impacted by government legislation limiting the number of permanent immigrant visas that can be issued and the processing times associated with these visas.

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 U.S. 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, allowance for doubtful accounts and contingencies and litigation. We state these accounting policies in the notes to the audited financial statements for the year ended December 31, 2004, contained in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and in relevant sections in this 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

We have recorded goodwill resulting from our past acquisitions. Commencing with the adoption of Statement of Financial Accounting Standards, or "SFAS," No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, we ceased amortizing goodwill and have thereafter performed annual impairment analyses to assess the recoverability of the goodwill, in accordance with the provisions of SFAS No. 142. Upon our annual impairment analysis on December 31, 2004, we determined that there was no impairment of goodwill. If we are required to record an impairment charge in the future, it could have an adverse impact on our results of operations. As of March 31, 2005 and December 31, 2004, we had $135.4 million of goodwill recorded on our consolidated balance sheets.

Self-Insured Health Insurance Claims Reserve

We maintain an accrual for incurred, but not reported, claims arising from self-insured health benefits we provide to our temporary 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 at March 31, 2005 was 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 at quarter-end. As of March 31, 2005 and December 31, 2004, we had $1.7 million and $2.3 million, respectively, accrued for incurred, but not reported, health insurance claims. The decline in the accrual was primarily related to a favorable trend in insurance claims paid and a decrease in the reporting and processing time for 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 temporary healthcare professionals on assignment, changes in our claims experience and changes in the reporting and processing time for claims.

Allowance for Doubtful Accounts

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 the credit risk for individual customer receivables, considering the financial condition of each customer and historical payment trends, delinquency trends, credit histories of customers 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. As of March 31, 2005 and December 31, 2004, our allowance for doubtful accounts was $1.7 million and $1.8 million, respectively.

Professional Liability Reserve

We maintain an accrual for professional liability self-insured retention limits, net of our insurance recoverable, which is included in accounts payable and accrued expenses 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 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 actual claims data to determine the appropriate reserves for incurred, but not reported, professional liability claims for each year. Due to our varied historical claims loss experience, our actuary provides us with a range of incurred, but not reported, claim reserves. The range for the total professional liability reserve at March 31, 2005, which incorporated the range for incurred, but not reported, claims provided by our actuaries, was between $7.5 million and $9.0 million. As of March 31, 2005 and December 31, 2004, we had $7.5 million and $7.0 million, respectively, accrued for professional liability retention. Because of our varied loss history, there is no amount within the range that management or the actuaries believe is a better estimate than any other amount. As such, we accrued the low end of the range at March 31, 2005 and December 31, 2004. The increase in the professional liability accrual was related to an increase in expected claims incurred, but not reported, during the three months ended March 31, 2005, partially offset by payments made during the period.

Workers Compensation Reserve

We maintain an accrual for workers compensation self-insured retention limits, 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, 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 actual claims 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. As of March 31, 2005 and December 31, 2004, we had $10.1 million and $8.1 million, respectively, accrued for workers compensation claims. Claim payments made against the reserve during the first quarter of 2005 for the current and prior years lagged behind the additions to the reserve, as reserves continue to remain outstanding for workers compensation claims incurred during the course of the last four years. In addition, $0.9 million of claims administration fees that were incorrectly applied against the reserve in prior years were expensed during the first quarter of 2005, contributing to the increase in the reserve. There has not been any material change in workers compensation rates.

Contingent Liabilities

We are subject to various claims and legal actions in the ordinary course of our business. Some of these matters include 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 provide accruals 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. We may also become subject to claims, governmental inquiries and investigations and legal actions relating to services provided by our temporary healthcare professionals, and we maintain accruals for these matters if the amounts are probable and estimable. We currently are not aware of any such 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.

Results of Operations

The following table sets forth, for the periods indicated, certain consolidated statements of operations data as a percentage of our revenue. Our results of operations are reported as a single business segment.

	Three Months Ended March 31,	
	2005	2004
Consolidated Statements of Operations:		
Revenue	100.0%	100.0%
Cost of revenue	77.2	77.8
Gross profit	22.8	22.2
Selling, general and administrative (excluding non-cash stock-based compensation)	16.7	15.3
Non-cash stock-based compensation	0.1	0.1
Depreciation and amortization	0.7	0.9
Income from operations	5.3	5.9
Interest expense, net	1.1	1.3
Income before income taxes	4.2	4.6
Income tax expense	1.7	1.8
Net income	2.5%	2.8%

Comparison of Results for the Three Months Ended March 31, 2005 to the Three Months Ended March 31, 2004

Revenue. Revenue decreased 3%, from $161.3 million for the three months ended March 31, 2004 to $156.8 million for the same period in 2005. Of the $4.5 million decrease, $3.1 million was attributable to decreases in revenue per temporary healthcare professional and $1.7 million was attributable to one less day in the three months ended March 31, 2005. These decreases were partially offset by a shift in the mix from flat rate to payroll contracts which contributed a $0.3 million increase to revenue.

Cost of Revenue. Cost of revenue decreased 3%, from $125.4 million for the three months ended March 31, 2004 to $121.1 million for the same period in 2005. Of the $4.3 million decrease, approximately $3.3 million was attributable to decreases in compensation and benefits provided to our temporary healthcare professionals, which is net of a $0.9 million correcting adjustment to increase our workers' compensation reserve, and $1.3 million was attributable to one less day in the three months ended March 31, 2005. These decreases were offset by a shift in the mix from flat rate to payroll contracts which contributed a $0.3 million increase to cost of revenue.

Gross Profit. Gross profit decreased less than 1%, from $35.8 million for the three months ended March 31, 2004 to $35.7 million for the same period in 2005, representing gross margins of 22.2% and 22.8%, respectively. The increase in gross margin was primarily attributable to decreased housing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, excluding non-cash stock–based compensation, increased 7%, from $24.6 million for the three months ended March 31, 2004 to $26.2 million for the same period in 2005. The $1.6 million increase was primarily attributable to increases in employee expenses and professional liability insurance costs.

Non-Cash Stock-Based Compensation. We recorded non-cash stock-based compensation charges of $0.2 million for the three months ended March 31, 2004 and less than $0.1 million for the three months ended March 31, 2005. The decrease was due to the cancellation of unvested stock options outstanding during the third quarter of 2004 associated with certain employee terminations.

Depreciation and Amortization. Amortization expense decreased from $0.1 million for the three months ended March 31, 2004 to less than $0.1 million for the three months ended March 31, 2005**.** Depreciation expense decreased 21% from $1.4 million for the three months ended March 31, 2004 to $1.1 million for the three months ended March 31, 2005. This decrease was primarily attributable to a $0.3 million reversal of depreciation expense during the three months ended March 31, 2005 related to depreciation expense incorrectly recorded in previous years on assets which were fully depreciated.

Interest Expense, Net. Interest expense, net, was $2.1 million for the three months ended March 31, 2004 as compared to $1.8 million for the same period in 2005. The $0.3 million decrease was attributable to the $44.5 million decrease in debt outstanding from March 31, 2004 to March 31, 2005.

Income Tax Expense. Income tax expense decreased from $2.9 million for the three months ended March 31, 2004 to $2.6 million for the same period in 2005, reflecting effective income tax rates of 38.5% and 39.5% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to changes in the state tax provision.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facility. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facility. At March 31, 2005, $92.5 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 the next 12 months. We expect to be able to finance future acquisitions 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 March 31, 2005, our days sales outstanding (“DSO”) was 63 days. At March 31, 2004, our DSO was 69 days and at December 31, 2004, our DSO was 63 days. The decrease in DSO compared to March 31, 2004 was primarily related to the return to normal client billing and collection processes during 2004 after a temporary delay in client billings associated with the implementation of a new payroll and billing system initiated in November 2003 and the resulting improvement in these processes due to the upgraded system. Our principal sources of cash to fund our working capital needs are cash generated from operating activities and borrowings under our revolving credit facility. Net cash provided by operations increased $11.2 million from $5.7 million in the three months ended March 31, 2004 to $16.9 million in the three months ended March 31, 2005. This increase in net cash provided by operations was primarily related to an increase in accrued compensation due to the timing of pay dates for both our temporary healthcare professionals and corporate employees.

Investing Activities:

We continue to have relatively low capital investment requirements. Capital expenditures were $0.8 million and $1.5 million for the three months ended March 31, 2005 and 2004, respectively. For the first three months of 2005, our primary capital expenditures were $0.6 million for purchased and internally developed software and $0.2 million for computers, leasehold improvements, furniture and equipment and other expenditures. We expect our future capital expenditure requirements to be similar to the three months ended March 31, 2005.

Financing Activities:

In July 2004, we amended our credit facility to provide for increased flexibility under our financial covenants, an increase in the amount available under our letter of credit sub-facility and a 25 basis point increase

in the interest rate margin in the event of a downgrade in our credit rating. Based on our outstanding indebtedness at March 31, 2005, a downgrade in our credit rating and the resulting revised pricing would increase our interest expense by $0.2 million on an annualized basis. Since the amendment of our credit facility in July 2004, we have not had a downgrade in our credit rating. In March 2005, we again amended our credit facility to provide for increased flexibility under our financial covenants.

The revolving credit facility carries an unused fee of 0.5% per annum, 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, to be determined based on our leverage ratio. Amounts available under our revolving credit facility may be used for working capital, acquisitions and general corporate purposes, subject to various limitations.

The five year, $130 million term loan portion of our credit facility is subject to quarterly amortization of principal (in equal installments), with an amount equal to 1.15% of the initial aggregate principal amount of the facility payable quarterly. These quarterly payments began on June 30, 2004 and continue until 2008 with any remaining amounts payable in 2008. Voluntary prepayments of the term loan portion of the credit facility are applied ratably to the remaining quarterly amortization payments. We have paid all required principal installments, including the installment of $1.2 million due March 31, 2005. The mandatory installments were reduced after the initial installment due to $24.3 million of voluntary prepayments made during 2004 and an additional voluntary prepayment of $10.5 million during the three months ended March 31, 2005.

We are required to make additional mandatory prepayments on the term loan within ninety days after the end of each fiscal year, which commenced with the fiscal year ended December 31, 2004. The prepayment required is equal to 50% of our excess cash flow (as defined in the credit agreement), less any voluntary prepayments made during the fiscal year. The mandatory prepayment amount, if any, is applied ratably to the remaining quarterly amortization payments. We believe that the voluntary prepayment made during the three months ended March 31, 2005 will satisfy this additional prepayment requirement for the year ending December 31, 2005.

We are also required to maintain interest rate protection on at least 50% of the term loan portion of our credit facility until January 2006. In October 2003, we entered into three interest rate swap arrangements to minimize our exposure to interest rate fluctuations on $110 million of our outstanding variable rate debt under our credit facility, of which the first arrangement expired in September 2004. As of March 31, 2005, we have two interest rate swap agreements in place to minimize our exposure to interest rate fluctuations on $80 million of our outstanding variable rate debt under our credit facility. The two interest rate swaps have notional amounts of $50,000,000 and $30,000,000, whereby we pay fixed rates of 2.06% and 2.65%, respectively, and receive a floating three-month LIBOR. These two remaining agreements expire in September 2005 and September 2006, respectively, and no initial investments were made to enter into these agreements. At March 31, 2005 and December 31, 2004, the interest rate swap agreements had a fair value of $0.9 million and $0.7 million, respectively, which is included in other assets in the accompanying consolidated balance sheets. We have formally documented the hedging relationships and account for these arrangements as cash flow hedges.

As of March 31, 2005 and December 31, 2004, our credit facility also served to collateralize certain letters of credit aggregating $7.2 million, issued by us in the normal course of business.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and nurse staffing needs of our hospital and healthcare facility clients and due to 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 December 2004, the Financial Accounting Standards Board ("FASB"), issued SFAS No. 123 (Revised), *Share-Based Payment*, ("SFAS No. 123R"), which amends SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*. SFAS No. 123R requires the measurement of compensation cost related to all share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such cost in our consolidated statements of operations. The accounting provisions of SFAS No. 123R were initially effective for the first interim or annual reporting period that begins after June 15, 2005. However, effective April 21, 2005, the Securities and Exchange Commission amended the compliance dates for SFAS No. 123R. Pursuant to Release No. 33-8568, companies are permitted to implement SFAS No. 123R at the beginning of their next fiscal year, instead of the first interim reporting period, that begins after June 15, 2005. Companies with a calendar year end are therefore required to comply beginning with the first quarter 2006 interim financial statements. We have not yet determined our planned method of adoption or the effect of adopting SFAS No. 123R, and therefore we have not determined whether the adoption will result in amounts similar to the pro forma amounts disclosed in "Item 1. Condensed Consolidated Financial Statements—Notes to Condensed Consolidated Financial Statements—Note 2."

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 and retain qualified temporary healthcare professionals at reasonable costs;
- our ability to attract and retain sales and operational personnel;
- our ability to enter into contracts with hospitals and other healthcare facility clients on terms attractive to us and to secure orders related to those contracts;
- our ability to demonstrate the value of our services to our healthcare and facility clients;
- changes in the timing of hospital and healthcare facility clients' orders for and our placement of temporary healthcare professionals;
- the general level of patient occupancy at our hospital and healthcare facility clients' facilities;
- the overall level of demand for services offered by temporary healthcare staffing providers;
- the ability of our hospital and healthcare facility 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 implement our strategic growth, acquisition and integration strategies;
- our ability to leverage our cost structure;
- the performance of our management information and communication systems;
- the effect of existing or future government legislation and regulation;
- our ability to grow and operate our business in compliance with legislation and regulation;
- 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;
- our ability to carry out our business strategy;
- the loss of key officers and management personnel could adversely affect our ability to remain competitive;
- the effect of recognition of an impairment to goodwill;
- the effect of control by our existing majority stockholder; and
- the effect of adjustments 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, 2004 and our Current Reports on Form 8-K. 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.

Additional Information

We maintain a corporate website at www.amnhealthcare.com/investors. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports, are made available, free of charge, through this website as soon as reasonably practicable after being filed with or furnished to the Securities and Exchange Commission.

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 2005 and 2004, 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 variable rate debt would have resulted in interest expense fluctuating approximately $0.3 million during the three months ended March 31, 2005.

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 March 31, 2005 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 March 31, 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 5. ***Other Information***

Registration and Sale of Shares

On April 5, 2005, we filed a registration statement on Form S-3 to register a total of 12,931,303 shares of our common stock beneficially owned by HWH Capital Partners, L.P., HWH Nightingale Partners, L.P., HWP Nightingale Partners II, L.P. and HWP Capital Partners II, L.P. (collectively, the "HWP Stockholders"), in response to a demand registration request made by the HWP Stockholders. We registered the shares to permit the HWP Stockholders and some of their transferees to sell the shares when they deem appropriate. On April 22, 2005, the HWP Stockholders sold 2,300,000 shares of the common stock in a public offering under the registration statement. On May 9, 2005, we announced the public offering of the remaining 10,631,303 shares of our common stock held by the HWP Stockholders (including 1,381,303 shares that may be issued pursuant to an option granted to the underwriters).

Amendment to Our Amended and Restated By-laws

On May 4, 2005, the Board of Directors approved an amendment to our Amended and Restated By-laws which provides for the roles of a non-management Presiding Director and an Executive Chairman. The Board of Directors will annually elect a Presiding Director, if the Chairman of the Board of Directors is an officer of or is employed by the company, or if there is an Executive Chairman. If the Board of Directors forms an Executive Committee or another committee that has the authority, to the extent permitted by law, to exercise all of the powers of the Board during the intervals between the meetings of the Board and a Presiding Director has been designated, then the Presiding Director will serve on the Executive Committee. The Executive Chairman, if one is appointed, will preside at all meetings of the Board of Directors and the stockholders. The Executive Chairman also performs other duties as may be assigned by the Board of Directors.

Appointments by the Board of Directors

On May 4, 2005, the Board of Directors appointed Steven C. Francis as Executive Chairman, and Susan R. Nowakowski, as previously announced, as President and Chief Executive Officer. Mr. Francis, age 50, had been our Chief Executive Officer since June 1990. Our former Chairman, Robert Haas, will continue to serve as a director. In addition, Douglas Wheat was elected as Presiding Director.

Following a recent announcement that the City of San Diego's mayor will resign, Mr. Francis is seriously considering running for mayor. If Mr. Francis is elected mayor, it is not clear what Mr. Francis' role, if any, with us would be.

Ms. Nowakowski, age 40, joined us in 1990 and has been a director since September 2003. She has been President since May 2003 and Chief Operating Officer since December 2000. Ms. Nowakowski also served as Secretary from October 2001 through May 2003; as Executive Vice President from January 2002 through May 2003; and as Senior Vice President of Business Development from September 1998 to December 2000. She also served as Chief Financial Officer and Vice President of Business Development from 1990 to 1993 and 1993 to 1998, respectively. Ms. Nowakowski also serves as a director of Playtex Products, Inc., a consumer products company.

Agreements with Management

On May 4, 2005, the Board of Directors approved executive employment agreements for Steven C. Francis and Susan R. Nowakowski.

The employment agreement with Steven C. Francis and AMN Healthcare, Inc. provides that Mr. Francis will serve as our Executive Chairman. The agreement provides that Mr. Francis will receive a base salary of $538,200 per annum to be reviewed annually, a bonus opportunity solely for the period January 1, 2005 to May

4, 2005, subject to meeting certain performance based criteria, eligibility for our employee benefit plans and other benefits provided in the same manner and to the same extent as to our other senior management. The term of Mr. Francis' employment agreement is through May 4, 2007, or until we terminate his employment or he resigns, if earlier. If not terminated prior to May 4, 2007, the agreement will automatically renew for additional one-year periods unless either party gives 120 days' prior written notice of its intent not to renew. Mr. Francis' employment agreement provides that he will receive severance benefits if we terminate his employment for any reason other than "cause" (as defined in the agreement), in the event of his disability or death or if he terminates his employment for "good reason" (as defined in the agreement). In the event of his death or disability, Mr. Francis or his estate, as applicable, will be entitled to any earned but unpaid base salary and a lump sum severance payment of two years of base salary within 30 days of termination. In the event of his termination by us without cause or if resigns for good reason, Mr. Francis will be entitled to severance equal to two years base salary, payable over the 2 years following such termination. If Mr. Francis is terminated within one year following a "change of control" (as defined in the agreement) without cause by us, or if he resigns for good reason, he will be entitled to a lump sum severance payment of two years of base salary payable as soon as reasonably practicable following such termination. In addition, for 24 months following any such termination, Mr. Francis and his eligible dependents will be entitled to continued medical, life, dental and disability insurance benefits. Under some circumstances, amounts payable under Mr. Francis's employment agreement are subject to a full "gross-up" payment to make Mr. Francis whole in the event that he is deemed to have received "excess parachute payments" under Section 4999 of the Internal Revenue Code. In addition, payment of Mr. Francis' severance benefit may be delayed 6 months in order to comply with the requirements of Section 409A of the Internal Revenue Code. Mr. Francis' employment agreement also contains a confidentiality agreement and a covenant not to solicit our employees during its term and for a period of two years thereafter. The agreement requires the parties to enter into a release. The employment agreement with Mr. Francis replaces and supersedes the employment agreement between AMN Healthcare, Inc. and Mr. Francis dated November 19, 1999, as amended on September 25, 2003.

The employment agreement with Susan R. Nowakowski and AMN Healthcare, Inc. provides that Ms. Nowakowski will serve as our President and Chief Executive Officer. The agreement provides that Ms. Nowakowski will receive a base salary of $500,000 per annum (increased annually at the discretion of the Compensation Committee of the Board of Directors), an annual bonus opportunity subject to meeting certain performance based criteria, participation in our stock option plans, eligibility for our employee benefit plans and other benefits provided in the same manner and to the same extent as to our other senior management. Ms. Nowakowski will be awarded no later than May 6, 2005, 200,000 options with a fair market value exercise price. The term of Ms. Nowakowski's employment agreement is through May 4, 2009, or until we terminate her employment or she resigns, if earlier. If not terminated prior to May 4, 2009, the agreement will automatically renew for additional one-year periods unless either party gives 120 days' prior written notice of its intent not to renew. Ms. Nowakowski's employment agreement provides that she will receive severance benefits if we terminate her employment for any reason other than "cause" (as defined in the agreement), in the event of her disability or death or if she terminates her employment for "good reason" (as defined in the agreement). In the event of her death or disability, Ms. Nowakowski or her estate, as applicable, will be entitled to any earned but unpaid base salary, an immediate lump sum severance payment of two years of base salary, plus her bonus for the year of termination. In the event of her termination by us without cause, or if she resigns for good reason, Ms. Nowakowski will be entitled to severance equal to two times the sum of her base salary and bonus (with bonus being determined at 100% of target, for the year of such termination), payable over the 2 years following such termination. If Ms. Nowakowski is terminated within one year following a "change of control" (as defined in the agreement) without cause by us, or if she resigns for good reason, she will be entitled to a lump sum severance payment equal to two times the sum of her base salary and bonus (with bonus being determined at 100% of target, for the year of such termination) payable as soon as reasonably practicable following such termination. In addition, for 24 months following any such termination, Ms. Nowakowski and her eligible dependents will be entitled to continued medical, life, dental and disability insurance benefits. Under some circumstances, amounts payable under Ms. Nowakowski's employment agreement are subject to a full "gross-up" payment to make Ms. Nowakowski whole in the event that she is deemed to have received "excess parachute payments" under Section

4999 of the Internal Revenue Code. In addition, payment of Ms. Nowakowski's severance benefit may be delayed 6 months following her termination, if necessary to comply with the requirements of Section 409A of the Internal Revenue Code. The agreement requires the parties to enter into a release. Ms. Nowakowski's employment agreement also contains a confidentiality agreement and a covenant not to solicit our employees during its term and for a period of two years thereafter. The employment agreement with Ms. Nowakowski replaces and supersedes the executive severance agreement between AMN Healthcare, Inc. and Ms. Nowakowski dated November 19, 1999.

On May 4, 2005, the Board of Directors approved executive severance agreements with David C. Dreyer and Denise L. Jackson. The severance agreements with AMN Healthcare, Inc. provide that these executives will receive severance benefits if we terminate his or her employment without cause (as defined in the agreements). Benefits include cash payments over a 12-month period, or by March 1 of the year following the year of termination. The cash payments will be in an amount equal to the executive's annual salary at the rate in effect on the date of termination plus reimbursement for the COBRA health coverage for the executive's health insurance for that 12-month period (or until the executive becomes eligible for comparable coverage under another employer's health plans, if earlier). Each executive severance agreement requires the executive to execute a general release in our favor as a condition to receiving the severance payments. These executive severance agreements replace the severance agreements that Mr. Dreyer and Ms. Jackson entered into with AMN Healthcare, Inc. dated September 20, 2004 and December 20, 2002, respectively.

On May 4, 2005, we granted Susan R. Nowakowski, David C. Dreyer and Denise L. Jackson stock options to purchase 200,000, 125,000, and 65,000 shares of common stock, respectively, under our Stock Option Plan, pursuant to our form of Stock Option Plan Stock Option Agreement. Each option may be exercised to purchase one share of common stock at a price of $14.86 per share. The options vest in increments of 25% on each of the first four anniversaries on the date of the grant.

Table of Contents

Item 6. ***Exhibits***

Exhibit No.	Description of Document
3.1	Second Amended and Restated By-laws of AMN Healthcare Services, Inc.*
4.1	Amendment No. 1 to the Registration Rights Agreement dated November 16, 2001, dated April 18, 2005***
10.1	Seventh Amendment to Amended and Restated Credit Agreement by and among Bank of America, N.A., AMN Healthcare, Inc., as borrower, AMN Healthcare Services, Inc., Worldview Healthcare, Inc., O'Grady-Peyton International (USA), Inc., International Healthcare Recruiters, Inc. and AMN Staffing Services, Inc., as guarantors, dated March 29, 2005. **
10.2	Employment Agreement, dated as of May 4, 2005, between AMN Healthcare, Inc. and Steven C. Francis. (Management Contract or Compensatory Plan or Arrangement)*
10.3	Employment Agreement, dated as of May 4, 2005, between AMN Healthcare, Inc. and Susan R. Nowakowski. (Management Contract or Compensatory Plan or Arrangement)*
10.4	Executive Severance Agreement, dated as of May 4, 2005, between AMN Healthcare, Inc. and Denise L. Jackson. (Management Contract or Compensatory Plan or Arrangement)*
10.5	Executive Severance Agreement, dated as of May 4, 2005, between AMN Healthcare, Inc. and David C. Dreyer. (Management Contract or Compensatory Plan or Arrangement)*
10.6	Form of Stock Option Plan Stock Option Agreement (Management Contract or Compensatory Plan or Arrangement)*
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.

** Incorporated by reference to the exhibits filed with the Registrant's Current Report on Form 8-K filed on April 1, 2005.

*** Incorporated by reference to the exhibits filed with the Registrant's Current Report on Form 8-K filed on April 22, 2005.

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: May 9, 2005

AMN HEALTHCARE SERVICES, INC.

/S/ SUSAN R. NOWAKOWSKI

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

Date: May 9, 2005

/s/ DAVID C. DREYER

Name: **David C. Dreyer**
Title: **Chief Accounting Officer and Chief Financial Officer**

Exhibit 3.1

SECOND

AMENDED AND RESTATED

BY-LAWS

of

AMN HEALTHCARE SERVICES, INC.

(A Delaware Corporation)

ARTICLE 1

DEFINITIONS

As used in these By-laws, unless the context otherwise requires, the term:

1.1 “Assistant Secretary” means an Assistant Secretary of the Corporation.

1.2 “Assistant Treasurer” means an Assistant Treasurer of the Corporation.

1.3 “Board” means the Board of Directors of the Corporation.

1.4 “Business Day” means any day that is not a Saturday, a Sunday or a day on which banks are authorized to close in the City of New York, State of New York.

1.5 “By-laws” means the by-laws of the Corporation, as amended from time to time.

1.6 “Certificate of Incorporation” means the certificate of incorporation of the Corporation, as amended, supplemented or restated from time to time.

1.7 “Chairman” means either the Chairman of the Board or the Executive Chairman.

1.8 “Chairman of the Board” means the Chairman of the Board of the Corporation.

1.9 “Chief Executive Officer” means the Chief Executive Officer of the Corporation.

1.10 “Corporation” means AMN Healthcare Services, Inc.

1.11 “Directors” means directors of the Corporation.

1.12 “Entire Board” means all Directors of the Corporation then in office, whether or not present at a meeting of the Board, but disregarding vacancies.

1.13 “Executive Chairman” means the Executive Chairman of the Corporation.

1.14 “General Corporation Law” means the General Corporation Law of the State of Delaware, as amended from time to time.

1.15 “Office of the Corporation” means the principal place of business of the Corporation, anything in Section 131 of the General Corporation Law to the contrary notwithstanding.

1.16 “Presiding Director” means a Director who is not an officer of, or employed in an executive or any other capacity by, the Corporation.

1.17 “President” means the President of the Corporation.

1.18 “Secretary” means the Secretary of the Corporation.

1.19 “Stockholders” means stockholders of the Corporation.

1.20 “Treasurer” means the Treasurer of the Corporation.

1.21 “Vice President” means a Vice President of the Corporation.

ARTICLE 2

STOCKHOLDERS

2.1 Place of Meetings. Every meeting of Stockholders shall be held at a place, within or without the State of Delaware, as may be designated by resolution of the Board from time to time.

2.2 Annual Meeting. If required by applicable law, a meeting of Stockholders shall be held annually for the election of Directors and the transaction of other business at such hour and on such Business Day as may be designated by resolution of the Board from time to time.

2.3 Special Meetings. Unless otherwise prescribed by applicable law, special meetings of Stockholders may be called at any time by only the Board, the Chairman or the Presiding Director (if one has been designated) and may not be called by any other person or persons. Business transacted at any special meeting of Stockholders shall be limited to the purpose stated in the notice.

2.4 Fixing Record Date. For the purpose of (a) determining the Stockholders entitled (i) to notice of or to vote at any meeting of Stockholders or any adjournment thereof, (ii) to express consent to corporate action in writing without a meeting, unless otherwise provided in the Certificate of Incorporation or (iii) to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock; or (b) any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date was adopted by the Board and which record date shall not be (x) in the case of clause (a)(i) above, unless otherwise

required by applicable law, more than sixty (60) nor less than ten (10) days before the date of such meeting, (y) in the case of clause (a)(ii) above, more than ten (10) days after the date upon which the resolution fixing the record date was adopted by the Board and (z) in the case of clause (a)(iii) or (b) above, more than sixty (60) days prior to such action. If no such record date is fixed:

2.4.1 the record date for determining Stockholders entitled to notice of or to vote at a meeting of Stockholders shall be at the close of business on the Business Day next preceding the Business Day on which notice is given, or, if notice is waived, at the close of business on the Business Day next preceding the Business Day on which the meeting is held;

2.4.2 the record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting (unless otherwise provided in the Certificate of Incorporation), when no prior action by the Board is required by applicable law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded; and when prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action; and

2.4.3 the record date for determining Stockholders for any purpose other than those specified in Sections 2.4.1 and 2.4.2 hereof shall be at the close of business on the Business Day on which the Board adopts the resolution relating thereto.

When a determination of Stockholders entitled to notice of or to vote at any meeting of Stockholders has been made as provided in this Section 2.4, such determination shall apply to any adjournment thereof unless the Board fixes a new record date for the adjourned meeting. Delivery made to the Corporation's registered office in accordance with Section 2.4.2 shall be by hand or by certified or registered mail, return receipt requested.

2.5 Notice of Meetings of Stockholders. Whenever under the provisions of applicable law, the Certificate of Incorporation or these By-laws, Stockholders are required or permitted to take any action at a meeting, written notice shall be given stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by applicable law, the Certificate of Incorporation or these By-laws, the notice of any meeting shall be given, not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, directed to the Stockholder at his or her address as it appears on the records of the Corporation. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice required by this

Section 2.5 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted at the meeting as originally called. If, however, the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting.

2.6 Waivers of Notice. Whenever the giving of any notice to Stockholders is required by applicable law, the Certificate of Incorporation or these By-laws, a waiver thereof, in writing, signed by the person entitled to said notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance by a Stockholder at a meeting shall constitute a waiver of notice of such meeting except when the Stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by applicable law, the Certificate of Incorporation or these By-laws.

2.7 List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list shall be open to the examination of any Stockholder, the Stockholder's agent or attorney, at the Stockholder's expense, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network as permitted by applicable law (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the Office of the Corporation at the election of the Secretary. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to Stockholders of the Corporation. If the meeting is to be held at a place, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any Stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Upon the willful neglect or refusal of the Directors to produce such a list at any meeting for the election of Directors held at a place, or to open such a list to examination on a reasonably accessible electronic network during any meeting for the election of Directors held solely by means of remote communication, they shall be ineligible for election to any office at such meeting. The

stock ledger shall be the only evidence as to who are the Stockholders entitled to examine the stock ledger, the list of Stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of Stockholders.

2.8 Quorum of Stockholders; Adjournment. Except as otherwise provided by applicable law, the Certificate of Incorporation or these By-laws, at each meeting of Stockholders, the presence in person or by proxy of the holders of a majority of all outstanding shares of stock entitled to vote at the meeting of Stockholders shall constitute a quorum for the transaction of any business at such meeting, except that, where a separate vote by a class or series or classes or series is required, a quorum shall consist of no less than a majority of the shares of such class or series or classes or series. When a quorum is present to organize a meeting of Stockholders and for purposes of voting on any matter, the quorum for such meeting or matter is not broken by the subsequent withdrawal of any Stockholders. In the absence of a quorum, the holders of a majority of the shares of stock present in person or represented by proxy at any meeting of Stockholders, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of Directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

2.9 Voting; Proxies. Unless otherwise provided in the Certificate of Incorporation, every Stockholder entitled to vote at any meeting of Stockholders shall be

entitled to one vote for each share of stock held by such Stockholders which has voting power upon the matter in question. If the Certificate of Incorporation provides for more or less than one (1) vote for any share on any matter, each reference in the By-laws or the General Corporation Law to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock. The provisions of Sections 212 and 217 of the General Corporation Law shall apply in determining whether any shares of stock may be voted and the persons, if any, entitled to vote such shares; but the Corporation shall be protected in assuming that the persons in whose names shares of stock stand on the stock ledger of the Corporation are entitled to vote such shares. At any meeting of Stockholders (at which a quorum was present to organize the meeting), all matters, except as otherwise provided by applicable law, pursuant to any regulation applicable to the Corporation or its securities or by the Certificate of Incorporation or by these By-laws, shall be decided by the affirmative vote of a majority in voting power of shares present in person or represented by proxy and entitled to vote thereon. At all meetings of Stockholders for the election of Directors, a plurality of the votes cast shall be sufficient to elect. Except as otherwise provided by the Certificate of Incorporation, each Stockholder entitled to vote at a meeting of Stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such Stockholder by proxy. The validity and enforceability of any proxy shall be determined in accordance with Section 212 of the General Corporation Law. A Stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary an instrument in writing

revoking the proxy or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary.

2.10 Voting Procedures and Inspectors of Election at Meetings of Stockholders. The Board, in advance of any meeting of Stockholders, may, and shall, if required by applicable law, appoint one or more inspectors to act at the meeting and make a written report thereof. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If required by applicable law, if no inspector or alternate is able to act at a meeting, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. At the meeting the inspectors shall (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board, the date and time of the opening and the closing of the polls for each matter upon which the Stockholders will vote at a meeting shall be determined by the person presiding at the meeting and shall be announced at the meeting. No ballot, proxies or votes, or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the

Court of Chancery of the State of Delaware upon application by a Stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of Stockholders, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for office at an election may serve as an inspector at such election.

2.11 Conduct of Meetings.

(a) The Board may adopt by resolution such rules and regulations for the conduct of the meeting of Stockholders as it shall deem appropriate. At each meeting of Stockholders, the Chairman, or if the Chairman is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the Presiding Director (if one has been designated), or if the Presiding Director is absent, the President, or if the President is absent, the Vice President and in case more than one (1) Vice President shall be present, that Vice President designated by the Board (or in the absence of any such designation, the most senior Vice President, based on age, present), shall act as chairman of the meeting. Except to the extent inconsistent with any rules and regulations for the conduct of the meeting of Stockholders adopted by the Board, the chairman of the meeting shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules and regulations for the conduct of the meeting and to do such acts as, in the judgment of the chairman of the meeting, are appropriate for the proper conduct of the meeting. The Secretary, or in his or her absence, one of the Assistant Secretaries, shall act as secretary of the meeting. In the absence of the Secretary or one of the Assistant Secretaries, the chairman of the meeting shall appoint a person to act as secretary of the meeting. In case none of the officers above designated to act as chairman or secretary of

the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by resolution of the Board, and in case the Board has not so acted, by a majority of the votes cast at such meeting by the holders of shares of stock present in person or represented by proxy and entitled to vote at the meeting.

(b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors. Nominations of persons for election to the Board may be made at an annual meeting or special meeting of Stockholders only (i) by or at the direction of the Board, (ii) by any nominating committee designated by the Board or (iii) by any Stockholder of the Corporation who was a Stockholder of record of the Corporation at the time the notice provided for in this Section 2.11 is delivered to the Secretary, who is entitled to vote for the election of Directors at the meeting and who complies with the applicable provisions of Section 2.11(d) hereof (persons nominated in accordance with (iii) above are referred to herein as "Stockholder nominees").

(c) At any annual meeting of Stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting of Stockholders, (i) business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board or (iii) otherwise properly brought before the meeting by a Stockholder who was a Stockholder of record of the Corporation at the time the notice provided for in this Section 2.11 is delivered to the Secretary, who is entitled to vote at the meeting and who complies with the applicable provisions of Section 2.11(d) hereof (business brought

before the meeting in accordance with (iii) above is referred to as “Stockholder business”).

(d) In addition to any other applicable requirements, (i) all nominations of Stockholder nominees must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the “Notice of Nomination”) and (ii) all proposals of Stockholder business must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the “Notice of Business”). To be timely, the Notice of Nomination or the Notice of Business, as the case may be, must be delivered personally to, or mailed to, and received at the Office of the Corporation, addressed to the attention of the Secretary, (i) in the case of the nomination of a person for election to the Board, or business to be conducted, at an annual meeting of Stockholders, not less than sixty (60) days nor more than one hundred and thirty (130) days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the prior year’s annual meeting of Stockholders, except in the case of the Corporation’s first annual meeting of Stockholders as a public corporation, in which case a Notice of Nomination or Notice of Business, as the case may be, shall be delivered not less than seventy (70) nor more than one hundred and thirty (130) days prior to the scheduled date of the annual meeting, regardless of any postponement, deferral or adjournment of that meeting to a later date, or (ii) in the case of the nomination of a person for election to the Board at a special meeting of Stockholders, not less than the later of (a) ninety (90) nor more than one hundred and thirty (130) days prior to such special meeting or (b) the tenth day following the day on which the notice of such special meeting was made by mail or Public Disclosure; provided, however, that in the event that

the annual meeting of Stockholders is advanced or delayed by more than thirty (30) days from the first anniversary of the prior year's annual meeting of Stockholders or if no annual meeting was held during the prior year, notice by the Stockholder to be timely must be received (i) no earlier than one hundred and thirty (130) days prior to such annual meeting and no later than ninety (90) days prior to such annual meeting or (ii) no later than ten (10) days following the day the notice of such annual meeting was made by mail or Public Disclosure. In no event shall the public disclosure of an adjournment or postponement of an annual or special meeting commence a new time period (or extend any time period) for the giving of the Notice of Nomination or Notice of Business, as applicable.

The Notice of Nomination shall set forth (i) the name and record address of the Stockholder and/or beneficial owner proposing to make nominations, as they appear on the Corporation's books, (ii) the class and number of shares of stock held of record and beneficially by such Stockholder and/or such beneficial owner, (iii) a representation that the Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (iv) all information regarding each Stockholder nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, or any successor statute thereto (the "Exchange Act"), and the written consent of each such Stockholder nominee to being named in a proxy statement as a nominee and to serve if elected and (v) all other information that would be required to be filed with the Securities and Exchange Commission if the person proposing such nominations were a

participant in a solicitation subject to Section 14 of the Exchange Act or any successor statute thereto. The Corporation may require any Stockholder nominee to furnish such other information as it may reasonably require to determine the eligibility of such Stockholder nominee to serve as a Director of the Corporation. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that any proposed nomination of a Stockholder nominee was not made in accordance with the foregoing procedures and, if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

The Notice of Business shall set forth (i) the name and record address of the Stockholder and/or beneficial owner proposing such Stockholder business, as they appear on the Corporation's books, (ii) the class and number of shares of stock held of record and beneficially by such Stockholder and/or such beneficial owner, (iii) a representation that the Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such business, (iv) a brief description of the Stockholder business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the By-laws, the language of the proposed amendment, and the reasons for conducting such Stockholder business at the annual meeting, (v) any material interest of the Stockholder and/or beneficial owner in such Stockholder business and (vi) all other information that would be required to be filed with the Securities and Exchange Commission if the person proposing such Stockholder business were a participant in a solicitation subject to Section 14 of the Exchange Act. Notwithstanding anything in these

By-laws to the contrary, no business shall be conducted at the annual meeting of Stockholders except in accordance with the procedures set forth in this Section 2.11(d), provided, however, that nothing in this Section 2.11(d) shall be deemed to preclude discussion by any Stockholder of any business properly brought before the annual meeting in accordance with said procedure. Nevertheless, it is understood that Stockholder business may be excluded if the exclusion of such Stockholder business is permitted by the applicable regulations of the Securities and Exchange Commission. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting, that business was not properly brought before the meeting in accordance with the foregoing procedures and, if he should so determine, he shall declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 2.11, if the Stockholder (or a qualified representative of the Stockholder) does not appear at the annual or special meeting of Stockholders to present the Stockholder nomination or the Stockholder business, as applicable, such nomination shall be disregarded and such business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

For purposes of this Section 2.11, “Public Disclosure” shall be deemed to be first made when disclosure of such date of the annual or special meeting of Stockholders, as the case may be, is first made in a press release reported by the Dow Jones News Services, Associated Press or comparable national news service, or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act or any successor statute thereto.

Notwithstanding the foregoing, a Stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.11. Nothing in this Section 2.11 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate of Incorporation.

2.12 Order of Business. The order of business at all meetings of Stockholders shall be as determined by the chairman of the meeting.

2.13 Written Consent of Stockholders Without a Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required by the General Corporation Law to be taken at any annual or special meeting of Stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded. Every written consent shall bear the date of signature of each Stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 2.13, written consents signed by a sufficient number of holders to take action are delivered to the Corporation as aforesaid. Prompt notice of the taking of

the corporate action without a meeting by less than unanimous written consent shall, to the extent required by applicable law, be given to those Stockholders who have not consented in writing and who, if the action had been taken at a meeting, had been Stockholders the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation. Written consent may take the form of a cablegram, telegram or other electronic transmission to the extent such written consent complies with the applicable provisions of the General Corporation Law.

In the event of the delivery to the Corporation of a written consent, the Secretary shall provide for the safe-keeping of such written consent and shall promptly conduct such ministerial review of the sufficiency of the written consent and of the validity of the action to be taken by written consent as he deems necessary or appropriate, including, without limitation, whether the holders of a number of shares having the requisite voting power to authorize or take the action specified in the written consent have given consent; provided, however, that if the corporate action to which the written consent relates is the removal or replacement of one or more members of the Board, the Secretary shall promptly designate two persons, who shall not be members of the Board, to serve as inspectors with respect to such written consent and such inspectors shall discharge the functions of the Secretary under this Section 2.13. If after such investigation the Secretary or the inspectors, as the case may be, shall determine that the written consent is valid and that the action therein specified has been validly authorized, that fact shall forthwith be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of Stockholders, and the written consent shall be filed in such records, at which time the written consent shall become effective as

Stockholder action. In conducting the investigation required by this Section 2.13, the Secretary or the inspectors, as the case may be, may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors, and such other personnel as they may deem necessary or appropriate to assist them, and shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

The record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting shall be as fixed by the Board or as otherwise established under this Section 2.13. Any person seeking to have the Stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary and delivered to the Corporation, request that a record date be fixed for such purpose. The Board may fix a record date for such purpose which shall be no more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board and shall not precede the date such resolution is adopted. If the Board fails, within ten (10) days after the Corporation receives such notice, to fix a record date for such purpose, the record date shall be the day on which the first written consent is delivered to the Corporation in the manner described above unless prior action by the Board is required under the General Corporation Law, in which event the record date shall be at the close of business on the Business Day on which the Board adopts the resolution taking such prior action.

ARTICLE 3

DIRECTORS

3.1 General Powers. Except as otherwise provided in the Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board may adopt such rules and regulations, not inconsistent with the Certificate of Incorporation or these By-laws or applicable law, as it may deem proper for the conduct of its meetings and the management of the Corporation.

3.2 Number; Qualification; Term of Office. The Board shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board. Directors need not be Stockholders. Each Director shall hold office until a successor is duly elected and qualified or until the Director's death, resignation or removal.

3.3 Election. Directors shall, except as otherwise required by applicable law or by the Certificate of Incorporation, be elected by a plurality of the votes cast at a meeting of Stockholders by the holders of shares present in person or represented by proxy at the meeting and entitled to vote in the election.

If the Chairman of the Board is an officer of, or is employed in an executive or any other capacity by, the Corporation, or if there is an Executive Chairman, the Board shall annually elect a Presiding Director and shall fill any vacancies in the position of Presiding Director at such time and in such manner as the Board shall determine.

3.4 Newly Created Directorships and Vacancies. Unless otherwise provided by applicable law or the Certificate of Incorporation and subject to the rights of

the holders of any series of Preferred Stock then outstanding, any newly created Directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled by a majority vote of the remaining Directors then in office although less than a quorum, or by a sole remaining Director, and Directors so chosen shall hold office until the expiration of the term of office of the Director whom he or she has replaced or until his or her successor is duly elected and qualified. No decrease in the number of Directors constituting the Board shall shorten the term of any incumbent Director. When any Director shall give notice of resignation effective at a future date, the Board may fill such vacancy to take effect when such resignation shall become effective in accordance with the General Corporation Law.

3.5 Resignation. Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall take effect at the time therein specified, and, unless otherwise specified in such resignation, the acceptance of such resignation shall not be necessary to make it effective.

3.6 Removal. Subject to the provisions of Section 141(k) of the General Corporation Law, any or all of the Directors may be removed with or without cause by vote of the holders of a majority of the shares then entitled to vote at an election of Directors.

3.7 Compensation. Each Director, in consideration of his or her service as such, shall be entitled to receive from the Corporation such amount per annum or such fees for attendance at Directors' meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses,

if any, incurred by such Director in connection with the performance of his or her duties. Each Director who shall serve as a member of any committee of Directors in consideration of serving as such shall be entitled to such additional amount per annum or such fees for attendance at committee meetings, or both, as the Board may from time to time determine, together with reimbursement for the reasonable out-of-pocket expenses, if any, incurred by such Director in the performance of his or her duties. Nothing contained in this Section 3.7 shall preclude any Director from serving the Corporation or its subsidiaries in any other capacity and receiving proper compensation therefor.

3.8 Regular Meetings. Regular meetings of the Board may be held without notice at such times and at such places within or without the State of Delaware as shall from time to time be determined by the Board.

3.9 Special Meetings. Special meetings of the Board may be held at any time or place, within or without the State of Delaware, whenever called by the Chairman, the Chief Executive Officer, the Presiding Director (if one has been designated), the Secretary or by any two or more Directors then serving as Directors on at least twenty-four hours' notice to each Director given by one of the means specified in Section 3.12 hereof other than by mail, or on at least three (3) days' notice if given by mail. Special meetings shall be called by the Chairman, the Chief Executive Officer, the Presiding Director (if one has been designated) or the Secretary in like manner and on like notice on the written request of any two or more of the Directors then serving as Directors.

3.10 Telephone Meetings. Directors or members of any committee designated by the Board may participate in a meeting of the Board or of such committee

by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

3.11 Adjourned Meetings. A majority of the Directors present at any meeting of the Board, including an adjourned meeting, whether or not a quorum is present, may adjourn such meeting to another time and place. At least one (1) day's notice of any adjourned meeting of the Board shall be given to each Director whether or not present at the time of the adjournment, if such notice shall be given by one of the means specified in Section 3.12 hereof other than by mail, or at least three (3) days' notice if by mail. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

3.12 Notice Procedure. Subject to Sections 3.9 and 3.15 hereof, whenever, under the provisions of applicable law, the Certificate of Incorporation or these By-laws, notice is required to be given to any Director, such notice shall be deemed given effectively if given in person or by telephone, by mail addressed to such Director at such Director's address as it appears on the records of the Corporation, with postage thereon prepaid, or by telegram, telex, telecopy or other means of electronic transmission.

3.13 Waiver of Notice. Whenever the giving of any notice to Directors is required by applicable law, the Certificate of Incorporation or these By-laws, a waiver thereof, in writing, signed by the person or persons entitled to said notice, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance by a Director at a meeting shall constitute a waiver of notice of such meeting except when the Director attends a meeting for the express purpose of objecting,

at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Directors or a committee of Directors need be specified in any written waiver of notice unless so required by applicable law, the Certificate of Incorporation or these By-laws.

3.14 Organization. At each meeting of the Board, the Chairman, or in the absence of the Chairman, the Chief Executive Officer, or in the absence of the Chief Executive Officer, the Presiding Director (if one has been designated), or in the absence of the Presiding Director, a chairman chosen by a majority of the Directors present, shall preside. The Secretary shall act as secretary at each meeting of the Board. In case the Secretary shall be absent from any meeting of the Board, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all Assistant Secretaries, the person presiding at the meeting may appoint any person to act as secretary of the meeting.

3.15 Quorum of Directors. The presence in person of a majority of the Entire Board shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board.

3.16 Action by Majority Vote. Except as otherwise expressly required by applicable law, the Certificate of Incorporation or these By-laws, the act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

3.17 Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken

at any meeting of the Board or of any committee thereof may be taken without a meeting if all Directors or members of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE 4

COMMITTEES OF THE BOARD

The Board may designate one or more committees, each committee to consist of one or more of the Directors. The Board may remove any Director from any committee at any time, with or without cause. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board passed as aforesaid, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be impressed on all papers that may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the Stockholders, any action or

matter expressly required by the General Corporation Law to be submitted to Stockholders for approval or (ii) adopting, amending or repealing the By-laws. Unless the Board provides otherwise, at all meetings of such committee a majority of the total number of members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article 3 of these By-laws.

If the Board forms an Executive Committee or another committee that has the authority, to the extent permitted by law, to exercise all of the powers of the Board during the intervals between the meetings of the Board and a Presiding Director has been designated, then the Presiding Director shall serve on such committee.

ARTICLE 5

OFFICERS

5.1 Positions. The officers of the Corporation shall be a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers as the Board may appoint, including a Chairman, one or more Vice Presidents and one or more Assistant Secretaries and Assistant Treasurers, who shall exercise such powers and perform such duties as shall be determined from time to time by the Board. The Board may designate one or more Vice Presidents as Executive Vice Presidents and may use descriptive words or phrases to designate the standing, seniority or areas of special

competence of the Vice Presidents elected or appointed by it. Any number of offices may be held by the same person unless the Certificate of Incorporation or these By-laws otherwise provide.

5.2 Appointment. The officers of the Corporation shall be chosen by the Board at its annual meeting or at such other time or times as the Board shall determine.

5.3 Compensation. The compensation of all officers of the Corporation shall be fixed by the Board. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that the officer is also a Director.

5.4 Term of Office. Each officer of the Corporation shall hold office for the term for which he or she is elected and until such officer's successor is chosen and qualifies or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of an officer shall be without prejudice to the contract rights of the Corporation, if any. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the Board. Any vacancy occurring in any office of the Corporation shall be filled by the Board. The removal of an officer without cause shall be without prejudice to the officer's contract rights, if any. The election or appointment of an officer shall not of itself create contract rights.

5.5 Fidelity Bonds. The Corporation may secure the fidelity of any or all of its officers or agents by bond or otherwise.

5.6 Chairman of the Board. The Chairman of the Board (if one shall have been appointed) shall preside at all meetings of the Board and Stockholders and shall exercise such powers and perform such other duties as shall be determined from time to time by the Board. The Corporation shall not have both a Chairman of the Board and an Executive Chairman.

5.7 Executive Chairman. The Executive Chairman (if one shall have been appointed) shall preside at all meetings of the Board and Stockholders. The Executive Chairman may sign and execute, in the name of the Corporation, deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed, and the Executive Chairman shall perform such other duties as from time to time may be assigned to the Executive Chairman by the Board.

5.8 Chief Executive Officer. The Chief Executive Officer shall have the responsibility for the business of the Corporation, subject, however, to the control of the Board and any duly authorized committee of Directors. The Chief Executive Officer shall preside at all meetings of Stockholders and the Board at which the Chairman (if there be one) is not present. The Chief Executive Officer may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation or shall be required by applicable law otherwise to be signed or executed and, in general, the Chief Executive Officer shall perform all duties incident to the office of Chief Executive

Officer of a corporation and such other duties as may from time to time be assigned to the Chief Executive Officer by the Board.

5.9 President. The President shall have general supervision over the business operations of the Corporation, subject, however, to the control of the Chief Executive Officer. At the request of the Chief Executive Officer, or, in the Chief Executive Officer's absence, at the request of the Board, the President shall perform all of the duties of the Chief Executive Officer and, in so performing, shall have all the powers of, and be subject to all restrictions upon, the Chief Executive Officer. The President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts and other instruments except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation or shall be required by applicable law otherwise to be signed or executed and, in general, the President shall perform all duties incident to the office of President of a corporation and such other duties as may from time to time be assigned to the President by the Chief Executive Officer or the Board. The same person may act as both Chief Executive Officer and President.

5.10 Vice Presidents. At the request of the President, or, in the President's absence, at the request of the Board, the Vice Presidents shall (in such order as may be designated by the Board or, in the absence of any such designation, in order of seniority based on age) perform all of the duties of the President and, in so performing, shall have all the powers of, and be subject to all restrictions upon, the President. Any Vice President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution

thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed, and each Vice President shall perform such other duties as from time to time may be assigned to such Vice President by the Board, the Chief Executive Officer or the President.

5.11 Secretary. The Secretary shall attend all meetings of the Board and of the Stockholders and shall record all the proceedings of the meetings of the Board and of the Stockholders in a book to be kept for that purpose, and shall perform like duties for committees of the Board, when required. The Secretary shall give, or cause to be given, notice of all special meetings of the Board and of the Stockholders and shall perform such other duties as may be prescribed by the Board or by the President, under whose supervision the Secretary shall be. The Secretary shall have custody of the corporate seal of the Corporation, and the Secretary, or an Assistant Secretary, shall have authority to impress the same on any instrument requiring it, and when so impressed the seal may be attested by the signature of the Secretary or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to impress the seal of the Corporation and to attest the same by such officer's signature. The Secretary or an Assistant Secretary may also attest all instruments signed by the President or any Vice President. The Secretary shall have charge of all the books, records and papers of the Corporation relating to its organization and management, shall see that the reports, statements and other documents required by applicable law are properly kept and filed and, in general, shall perform all duties incident to the office of Secretary of a corporation

and such other duties as may from time to time be assigned to the Secretary by the Board, the Chief Executive Officer or the President.

5.12 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds, securities and notes of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any sources whatsoever; deposit all such moneys and valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board; against proper vouchers, cause such funds to be disbursed by checks or drafts on the authorized depositaries of the Corporation signed in such manner as shall be determined by the Board and be responsible for the accuracy of the amounts of all moneys so disbursed; regularly enter or cause to be entered in books or other records maintained for the purpose full and adequate account of all moneys received or paid for the account of the Corporation; have the right to require from time to time reports or statements giving such information as the Treasurer may desire with respect to any and all financial transactions of the Corporation from the officers or agents transacting the same; render to the President or the Board, whenever the President or the Board shall require the Treasurer so to do, an account of the financial condition of the Corporation and of all financial transactions of the Corporation; exhibit at all reasonable times the records and books of account to any of the Directors upon application at the Office of the Corporation where such records and books are kept; disburse the funds of the Corporation as ordered by the Board; and, in general, perform all duties incident to the office of Treasurer of a corporation and such other duties as may from time to time be assigned to the Treasurer by the Board, Chief Executive Officer or the President.

5.13 Assistant Secretaries and Assistant Treasurers. Assistant Secretaries and Assistant Treasurers shall perform such duties as shall be assigned to them by the Secretary or by the Treasurer, respectively, or by the Board, the Chief Executive Officer or the President.

ARTICLE 6

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

6.1 Execution of Contracts. The Board, except as otherwise provided in these By-laws, may prospectively or retroactively authorize any officer or officers, employee or employees or agent or agents, in the name and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, and any such authority may be general or confined to specific instances, or otherwise limited.

6.2 Loans. The Board may prospectively or retroactively authorize the President or any other officer, employee or agent of the Corporation to effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances the person so authorized may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, and, when authorized by the Board so to do, may pledge and hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board may be general or confined to specific instances, or otherwise limited.

6.3 Checks, Drafts, Etc. All checks, drafts and other orders for the payment of money out of the funds of the Corporation and all evidences of indebtedness

of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

6.4 Deposits. The funds of the Corporation not otherwise employed shall be deposited from time to time to the order of the Corporation with such banks, trust companies, investment banking firms, financial institutions or other depositaries as the Board may select or as may be selected by an officer, employee or agent of the Corporation to whom such power to select may from time to time be delegated by the Board.

ARTICLE 7

STOCK AND DIVIDENDS

7.1 Certificates Representing Shares. The shares of stock of the Corporation shall be represented by certificates in such form (consistent with the provisions of Section 158 of the General Corporation Law) as shall be approved by the Board. Such certificates shall be signed by the Chairman, the Chief Executive Officer, the President or a Vice President and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and may be impressed with the seal of the Corporation or a facsimile thereof. The signatures of the officers upon a certificate may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon any certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may, unless otherwise ordered by the Board, be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

7.2 Transfer of Shares. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the holder thereof or by the holder's duly authorized attorney appointed by a power of attorney duly executed and filed with the Secretary, an Assistant Secretary or a transfer agent of the Corporation, and on surrender of the certificate or certificates representing such shares of stock properly endorsed for transfer and upon payment of all necessary transfer taxes. Every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or an Assistant Secretary or the transfer agent of the Corporation. A person in whose name shares of stock shall stand on the books of the Corporation shall be deemed the owner thereof to receive dividends, to vote as such owner and for all other purposes as respects the Corporation. No transfer of shares of stock shall be valid as against the Corporation, its Stockholders and creditors for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided by applicable law, until such transfer shall have been entered on the books of the Corporation by an entry showing from and to whom transferred.

7.3 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agents and registry offices or agents at such place or places as may be determined from time to time by the Board.

7.4 Lost, Destroyed and Stolen Certificates. The holder of any shares of stock of the Corporation shall notify the Corporation of any loss, destruction or theft of the certificate representing such shares, and the Corporation may issue a new certificate to replace the certificate alleged to have been lost, destroyed or stolen. The Board may, in its discretion, as a condition to the issue of any such new certificate, require the owner

of the lost, destroyed or stolen certificate, or his or her legal representatives, to make proof satisfactory to the Board of such loss, destruction or theft and to advertise such fact in such manner as the Board may require, and to give the Corporation a bond in such form, in such sums and with such surety or sureties as the Board may direct, sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate and the issuance of such new certificate.

7.5 Rules and Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with applicable law, these By-laws or with the Certificate of Incorporation, concerning the issue, transfer and registration of certificates representing shares of its stock.

7.6 Restriction on Transfer of Stock. A written restriction or restrictions on the transfer or registration of transfer of stock of the Corporation, or on the amount of the Corporation's stock that may be owned by any person or group of persons, if permitted by Section 202 of the General Corporation Law and noted conspicuously on the certificate or certificates representing such stock, may be enforced against the holder of the restricted stock or any successor or transferee of the holder, including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate or certificates representing such stock, a restriction, even though permitted by Section 202 of the General Corporation Law, shall be ineffective except against a person with actual knowledge of the restriction. A restriction on the transfer or registration of transfer of stock of the Corporation, or on the amount of the Corporation's stock that may be owned

by any person or group of persons, may be imposed either by the Certificate of Incorporation or these By-laws or by an agreement among any number of Stockholders or among such Stockholders and the Corporation. No restrictions so imposed shall be binding with respect to stock issued prior to the adoption of the restriction unless the holders of such stock are parties to an agreement or voted in favor of the restriction.

7.7 Dividends, Surplus, Etc. Subject to the provisions of the Certificate of Incorporation and of applicable law, the Board:

7.7.1 may declare and pay dividends or make other distributions on the outstanding shares of stock in such amounts and at such time or times as it, in its discretion, shall deem advisable;

7.7.2 may use and apply, in its discretion, any of the surplus of the Corporation in purchasing or acquiring any shares of stock of the Corporation, or purchase warrants therefor, in accordance with law, or any of its bonds, debentures, notes, scrip or other securities or evidences of indebtedness; and

7.7.3 may set aside from time to time out of such surplus or net profits such sum or sums as, in its discretion, it may think proper, as a reserve fund to meet contingencies, or for equalizing dividends or for the purpose of maintaining or increasing the property or business of the Corporation, or for any purpose it may think conducive to the best interests of the Corporation.

ARTICLE 8

INDEMNIFICATION

8.1 Indemnity Undertaking. To the extent not prohibited by applicable law, the Corporation shall indemnify any person (a “Covered Person”) who is or was

made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a Director or officer of the Corporation, or, while a Director or officer of the Corporation, is or was serving at the request of the Corporation as a director or officer of any other corporation or in a capacity with comparable authority or responsibilities for any partnership, joint venture, trust, employee benefit plan or other enterprise (an "Other Entity"), against expenses (including attorneys' fees) in the event of an action by or in the right of the Corporation and against judgments, fines, and amounts paid in settlement and expenses (including attorneys' fees), in the event of any other proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal proceeding, had no reason to believe the person's conduct was unlawful; and except that no indemnification shall be made, in the event of an action by or in the right of the Corporation, if prohibited by the General Corporation Law. Persons who are not Directors or officers of the Corporation (or otherwise entitled to indemnification pursuant to the preceding sentence) may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board at any time specifies that such persons are entitled to the benefits of this Article 8.

8.2 Advancement of Expenses. The Corporation shall, from time to time, reimburse or advance to any Covered Person the funds necessary for payment of

expenses, including attorneys' fees and disbursements, incurred in connection with any Proceeding, in advance of the final disposition of such Proceeding; provided, however, that, if required by the General Corporation Law, such payment of expenses in advance of the final disposition of a Proceeding shall be made only upon receipt by the Corporation of an undertaking, by the Covered Person, to repay any such amount so advanced if it shall ultimately be determined that such Covered Person is not entitled to be indemnified for such expenses.

8.3 Rights Not Exclusive. The rights to indemnification or advancement of expenses provided by, or granted pursuant to, this Article 8 shall not be deemed exclusive of any other rights to which a person seeking indemnification or reimbursement or advancement of expenses may have or hereafter be entitled under applicable law, the Certificate of Incorporation, these By-laws, any agreement, any vote of Stockholders or disinterested Directors or otherwise.

8.4 Continuation of Benefits. The rights to indemnification or advancement of expenses provided by, or granted pursuant to, this Article 8 shall continue as to a person who has ceased to be a Director or officer and shall inure to the benefit of the executors, administrators, legatees and distributees of such person.

8.5 Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of an Other Entity, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to

indemnify such person against such liability under the provisions of this Article 8, the Certificate of Incorporation or under Section 145 of the General Corporation Law or any other provision of law.

8.6 Binding Effect. Any repeal or modification of the provisions of this Article 8 shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

8.7 Procedural Rights. The rights to indemnification or advancement of expenses provided by, or granted pursuant to, this Article 8 shall be enforceable by any Covered Person in the Court of Chancery of the State of Delaware. The burden of proving that such indemnification or advancement of expenses is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board, its independent legal counsel and its Stockholders) to have made a determination prior to the commencement of such action that such indemnification or reimbursement or advancement of expenses is proper in the circumstances nor an actual determination by the Corporation (including its Board, its independent legal counsel and its Stockholders) that such person is not entitled to such indemnification or reimbursement or advancement of expenses shall constitute a defense to the action or create a presumption that such person is not so entitled. Such a person shall also be indemnified for any expenses incurred in connection with successfully establishing his or her right to such indemnification or advancement of expenses, in whole or in part, in any such proceeding.

8.8 Contribution. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at the Corporation's

request as a director, officer, employee or agent of any Other Entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such Other Entity.

8.9 Indemnification of Others. This Article 8 shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

ARTICLE 9

BOOKS AND RECORDS

9.1 Books and Records. There shall be kept at the principal Office of the Corporation correct and complete records and books of account recording the financial transactions of the Corporation and minutes of the proceedings of the Stockholders, the Board and any committee of the Board. The Corporation shall keep at its principal office, or at the office of the transfer agent or registrar of the Corporation, a record containing the names and addresses of all Stockholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof.

9.2 Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request

of any person entitled to inspect such records pursuant to any provision of the General Corporation Law.

9.3 Inspection of Books and Records. Except as otherwise provided by applicable law, the Board shall determine whether, and, if allowed, when and under what conditions and regulations, the accounts, books, minutes and other records of the Corporation, or any of them, shall be open to the Stockholders for inspection.

ARTICLE 10

SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

ARTICLE 11

FISCAL YEAR

The fiscal year of the Corporation shall be determined by resolution of the Board.

ARTICLE 12

PROXIES AND CONSENTS

Unless otherwise provided by resolution of the Board, the Chairman, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer, or any one of them, may execute and deliver on behalf of the Corporation proxies respecting any and all shares or other ownership interests of any Other Entity owned by the Corporation appointing such person or persons as the officer executing the same shall

deem proper to represent and vote the shares or other ownership interests so owned at any and all meetings of holders of shares or other ownership interests, whether general or special, and/or to execute and deliver written consents respecting such shares or other ownership interests; or any of the aforesaid officers may attend any meeting of the holders of shares or other ownership interests of such Other Entity and thereat vote or exercise any or all other powers of the Corporation as the holder of such shares or other ownership interests.

ARTICLE 13

AMENDMENTS

These By-laws may be altered, amended or repealed and new By-laws may be adopted by a vote of the Stockholders or by the Board. Any By-laws altered, adopted or amended by the Board may be altered, amended or repealed by the Stockholders.

Exhibit 10.2

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement"), effective May 4, 2005 (the "Effective Date"), by and between AMN Healthcare Services, Inc., a Delaware corporation (the "Company"), and Steven C. Francis, an individual (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to continue to be so employed and to serve from and after the Effective Date, in the capacity of Executive Chairman and to continue to perform services on its behalf in said position;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. EMPLOYMENT

The Company agrees to continue to employ the Executive, and the Executive agrees to continue to serve the Company, on the terms and conditions set forth herein.

2. TERM

Subject to Section 5 hereof, the Executive's employment under this Agreement shall commence on the Effective Date and shall end on the second anniversary of the Effective Date (the "Initial Term"); provided that such term shall be automatically extended for additional one-year periods, unless, not later than 120 days prior to the expiration of the Initial Term (or any extension thereof pursuant to this Section 2) either party hereto shall provide written notice of its or his desire not to extend the term hereof to the other party hereto. As used herein, the term "Term" shall mean the Initial Term together with each one-year extension.

3. POSITION AND DUTIES

(a) The Executive shall be duly elected, effective on the Effective Date, and shall thereafter during the Term continue to serve, as Executive Chairman of the Company and shall perform such duties and exercise such supervision and powers over and with regard to the business of the Company customarily associated with the position of Executive Chairman, including, among other things, providing general guidance to the Company, as well as setting strategic direction for the Company and evaluating acquisition opportunities. The Executive shall perform his duties to the best of his ability and in a diligent and proper manner. In addition, during the Term, the Company shall nominate the Executive for election to the Board of Directors of the Company (the "Board") by the shareholders of the Company so that he may continue to serve as a director of the Company in accordance with the Company's By-Laws.

(b) During the Term, the Executive shall devote a reasonable amount of time to the performance of his duties and responsibilities as the Company's Executive Chairman.

4. COMPENSATION AND RELATED MATTERS

(a) Salary. From the Effective Date through December 31, 2005, the Company shall pay to the Executive at his current base salary at a rate of not less than $538,200 per annum (the "Base Salary"), payable in accordance with the usual payroll practices of the Company, but not less frequently than monthly. The Executive's salary for the remainder of the Term shall be set by the Compensation Committee of the Board at a rate commensurate with the Executive's position and duties.

(b) Welfare and Retirement Benefits. During the Term, the Executive shall be entitled to participate in all of the Company's employee pension plans, welfare benefit plans, tax-deferred savings plans or other welfare or retirement benefits or arrangements (including any insurance or trust arrangements maintained generally for the benefit of the Company's employees) and in which the executive officers of the Company are entitled generally to participate (collectively, the "Company Benefit Plans") on terms no less favorable than those available to other senior executives of the Company as in effect from time to time.

(c) Bonus for Fiscal Year 2005. Subject to and in accordance with the AMN Healthcare Services, Inc. Senior Management Bonus Plan (the "Bonus Plan"), for the portion of fiscal year 2005 prior to the Effective Date, the Executive shall receive a pro rata portion of the bonus for fiscal year 2005 (the "Bonus") to which he is entitled under the Bonus Plan and Performance Criteria and goals that the Compensation Committee of the Board (the "Committee") previously approved for the Executive in his prior capacity as Chief Executive Officer. The Executive shall not be entitled to receive a bonus for any period that follows the Effective Date.

(d) Stock Option/Restricted Stock/SAR Plans. Subject to Committee approval, the Executive shall be eligible to participate in (i) any stock option plan or program, (ii) any restricted stock plan or program, (iii) any stock appreciation rights plan or program and (iv) any other equity plan or program (each, an "Equity Plan," and collectively, "Equity Plans") that the Company adopts during the Term. The Executive's participation under any such Equity Plan shall be at a level commensurate with his position as Executive Chairman as determined by the Committee in its discretion. Notwithstanding the foregoing, the Executive, in his sole discretion, may elect not to participate in any such Equity Plan.

(e) Vacations. During the Term, the Executive shall be entitled to 30 days of paid time off during each annual period of the Term.

(f) Expenses. During the Term, the Executive shall be entitled to receive reimbursement from the Company of all reasonable business expenses incurred by the Executive in performing services hereunder, including all travel expenses and

living expenses while away from home on business or at the request of, and in the service of, the Company. The Company shall provide the Executive with first class travel and accommodations for all travel undertaken solely for Company purposes.

(g) Attorneys' Fees. The Company shall pay directly or reimburse the Executive on an after-tax basis for all reasonable attorneys' fees and costs incurred by the Executive in the negotiation and creation of this Agreement; provided, however, that the Company shall have no obligation to reimburse such fees in excess of $10,000.

5. TERMINATION

The Executive's employment hereunder and the Term may be terminated under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon his death. In the case of any such termination upon death, the Executive's estate shall be entitled to the payments and benefits described in Section 6(a).

(b) Disability. If the Executive is unable to timely and regularly perform his duties hereunder due to physical or mental illness, injury or incapacity, as determined by the Board in good faith based on medical evidence acceptable to it (a "Disability"), and such Disability continues for a period of six consecutive months, then the Company may terminate the Executive's employment hereunder. A return to work for less than 30 consecutive days during any period of Disability shall not be deemed to interrupt the running of (and shall be included in) the aforementioned six-month period. In the case of any such termination by the Board on account of Disability, the Executive shall be entitled to the payments and benefits described in Section 6(a).

(c) Termination by the Company for Cause. The Company may terminate the Executive's employment hereunder at any time for Cause. For purposes of this Agreement, "Cause" shall mean a termination of employment of the Executive by the Company due to (i) the commission by the Executive of an act of fraud or embezzlement against the Company or any of its subsidiaries or the conviction of the Executive in a court of law, or guilty plea or no contest plea, of any charge involving an act of fraud or embezzlement (including the willful and unauthorized disclosure of information of the Company or any of its subsidiaries which the Executive knows or should know to be material, confidential and proprietary to the Company or any of its subsidiaries, which results, or could reasonably have been expected to result, in material financial loss to the Company or any of its subsidiaries), (ii) the conviction of the Executive in a court of law, or guilty plea or no contest plea, to a felony charge, (iii) the willful misconduct of the Executive as an employee of the Company or any of its subsidiaries which is reasonably likely to result in injury or financial loss to (I) the Company or (II) to any subsidiaries of the Company, which injury or loss is material to the Company taken as a whole, (iv) the willful failure of the Executive to render services to the Company or any of its subsidiaries in accordance with the Executive's

employment, which failure amounts to a material neglect of the Executive's duties to the Company and does not result from physical illness, injury or incapacity, and which failure is not cured promptly after adequate notice of such failure and a reasonably detailed explanation has been presented by the Company to the Executive, or (v) a material breach of any of the covenants in subsections 3(a), 3(b) or Section 10 hereof by the Executive, which breach is not cured, if curable, within 30 days after a written notice of such breach is delivered to the Executive. The Executive shall not be deemed to have been terminated for Cause unless the Company shall have given or delivered to the Executive (1) reasonable notice setting forth the basis for termination for Cause, and (2) a reasonable opportunity for the Executive, together with his counsel, to request reconsideration by and be heard before the Board, provided; however, that such notice and opportunity to be heard shall not be required if the Board, based on the advice of counsel, deems it inconsistent with its fiduciary duties and so advises the Executive.

For purposes of determining whether the Executive was given "reasonable notice" and "reasonable opportunity to be heard" in connection with any determination by the Board as to whether Cause exists, 10 business days' notice of the Board meeting shall be deemed to constitute "reasonable notice" (without prejudice to the determination of whether some other period would also constitute "reasonable notice"), and the opportunity for the Executive and his counsel to present arguments to the Board at such meeting as to why the Executive believes that no Cause exists shall constitute "reasonable opportunity to be heard" (without prejudice to the determination of whether some other forum or method would also constitute a "reasonable opportunity to be heard"). For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(d) Termination by the Executive for Good Reason. The Executive may voluntarily terminate his employment hereunder at any time for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach by the Company of this Agreement, which breach is not cured within 30 days after the Board's receipt of written notice of such non-compliance from the Executive; (ii) the assignment to the Executive without his consent by the Company of duties materially and adversely inconsistent with the Executive's position, duties or responsibilities as in effect immediately after the Effective Date, including, but not limited to, any material reduction in such position, duties or responsibilities, or a change in the Executive's title or office, as then in effect, or any removal of the Executive from any of such positions, titles or offices, or any failure to elect or reelect the Executive as a member of the Board or any removal of the Executive as such a member, except in connection with the termination of his employment pursuant to any of subsections 5(a), 5(b) or 5(c) hereof; or (iii) the relocation of the Company's headquarters to a place more than 50 miles from its location as of the Effective Date without the approval of the Executive.

(e) Termination by the Company Without Cause. The Company may at any time terminate the Executive for any reason, and, except for the

amounts payable pursuant to subsection 6(b) hereof (or as otherwise set forth in any equity agreement), the Executive shall have no claim against the Company under this Agreement or otherwise by reason of such termination.

(f) Termination by the Executive Without Good Reason. The Executive may at any time terminate his employment hereunder without Good Reason.

(g) Notice of Termination. Any termination of the Executive's employment hereunder, by the Company or by the Executive (other than termination pursuant to subsection 5(a) hereof), shall be communicated by written "Notice of Termination" to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

6. COMPENSATION UPON TERMINATION

(a) Death or Disability. If the Executive's employment hereunder terminates pursuant to subsections 5(a) (Death) or 5(b) (Disability), the Executive or his estate (as the case may be) shall be entitled to receive: (i) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (ii) an additional lump sum payment not later than thirty (30) days following such termination equal to (A) two times Base Salary, and (B) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, for a period of 24 months after such termination, the Executive (unless the termination is the result of the Executive's death) and his eligible dependents shall, to the extent permitted under the applicable plans of the Company as in effect on the date of such termination, be eligible to continue to participate in the medical, life, dental and disability insurance coverage provided to employees at the Company's expense; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination.

(b) Termination by the Company Without Cause or by the Executive for Good Reason.

(i) If the Executive's employment is terminated by the Company pursuant to subsection 5(e) (Without Cause) or if the Executive terminates his employment pursuant to subsection 5(d) (for Good Reason), then the Executive shall be entitled to receive: (A) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (B) an additional lump sum payment not later than thirty (30) days following such termination equal to (I) any earned but unpaid Bonus; and (II) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, and subject to the Executive's continued compliance with Section 10 of this Agreement, the Executive shall be entitled to receive (1) the "Salary Severance Benefit" (as such term is

defined in subsection 6(b)(ii)) and (2) continued eligibility to participate in the medical, life, dental and disability insurance coverage for the Executive and his eligible dependents to the extent permitted under the applicable plans of the Company as in effect on the date of such termination, at the Company's expense through the end of the Severance Term; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination. The Salary Severance Benefit shall be paid in equal installments over the Severance Term in accordance with the Company's usual payroll practices and shall be subject to the Executive's continued compliance with Section 10 of this Agreement. The Executive shall have no further rights to any compensation or other benefits under this Agreement. Any other benefits (including rights to stock, stock options, retirement income and insurance) due the Executive following termination pursuant to subsection 5(e) or 5(d) hereof shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to payments or benefits under any separately stated severance plan, policy or program of the Company. Notwithstanding anything in this Agreement to the contrary, if required to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), then: (A) the Salary Severance Benefit for the first six (6) months of the Severance Term shall accrue during such six (6) months, but shall not be paid to the Executive until the first day of the seventh month of the Severance Term; and (B) the Executive shall pay the life insurance premiums applicable to the first six (6) months of the Severance Term, for which the Executive shall be reimbursed on an after-tax basis on the first day of the seventh month of the Severance Term.

(ii) For purposes of this Section 6, the following terms shall have the meaning set forth in this subsection 6(b)(ii).

(1) "Severance Term" shall mean 24 months.

(2) "Salary Severance Benefit" shall mean the Executive's Base Salary that would have been payable from the effective date of termination through the end of the Severance Term based on the Base Salary in effect on the effective date of the termination.

(iii) Termination Following a Change in Control. Notwithstanding anything to the contrary in this Agreement, if the Executive's employment is terminated pursuant to subsections 5(d) or 5(e) hereof within one year following a Change in Control (as defined below), in lieu of receiving the amounts set forth in the second sentence of Section 6(b)(i) hereof, the Executive shall receive a lump sum payment, payable as soon as reasonably practicable following the date of such termination, in an amount equal to the sum of (A) the Salary Severance Benefit, and (B) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, for a period of 24 months after such termination, the Executive and his eligible dependents shall, to the extent permitted under the applicable plans of the

Company as in effect on the date of such termination, be eligible to continue to participate in the medical, life, dental and disability insurance coverage provided to employees at the Company's expense; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination. In addition, any unvested shares of restricted stock, unvested options or other equity-based compensation awards held by the Executive automatically shall become 100% vested upon any Change in Control, as provided in the Executive's Stock Option Agreements. For purposes of this Section 6(b)(iii), the term "Change in Control" shall have the meaning set forth in the Executive's Stock Option Agreements granted under the Company's Stock Option Plan, dated July 24, 2001, as amended.

(c) Termination by the Company For Cause or by the Executive Without Good Reason. If the Executive's employment is terminated by the Company under subsection 5(c) (for Cause) or by the Executive under subsection 5(f) (without Good Reason), the Executive shall be entitled to receive: (i) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (ii) an additional lump sum payment not later than thirty (30) days following such termination for reimbursement of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. If the Executive's employment hereunder is terminated by the Executive under subsection 5(f) (without Good Reason), the Executive shall also be entitled to receive any earned but unpaid Bonus not later than thirty (30) days following such termination. The Executive shall have no further rights to any compensation or other benefits under this Agreement. Any other benefits (including rights to stock, stock options, retirement income and insurance), due the Executive following termination of the Executive's employment under Section 5(c) or 5(f) shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to any payments or benefits under any separately stated severance plan, policy or program of the Company.

(d) Expiration of the Employment Term. In the event that the Company or the Executive elects not to extend the Term as provided in Section 2 hereof, the Executive's employment shall be terminated upon the expiration of the Term, and, subject to Section 14 hereof, the provisions of this Agreement shall cease to apply effective as of such expiration, and the Executive shall be entitled to receive only the following: (i) any accrued but unpaid Base Salary through the date of termination; (ii) reimbursement of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of termination; and (iii) any earned but unpaid Bonus. The Executive shall thereafter receive no other compensation or benefits, other than pursuant to the terms of the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to any payments or benefits under any separately stated severance plan, policy or program of the Company.

(e) Execution of Release of All Claims. Notwithstanding any other provision of this Agreement to the contrary, the Executive acknowledges and agrees that any and all payments to which the Executive is entitled under this Section 6 in the case of termination as a result of Disability, termination by the Company without Cause or termination by the Executive for Good Reason (other than payments of accrued and unpaid Base Salary and Bonus and reimbursement of business expenses) are conditional upon and subject to the Executive's execution of a release substantially in the form attached hereto as Exhibit A (which form may be reasonably modified from time to time).

7. EXCISE TAX GROSS-UP.

(a) Notwithstanding anything in this Agreement to the contrary, and except as set forth in the last sentence of this subsection 7(a) below, if it is determined that any payment, benefit or distribution by the Company or its subsidiaries or affiliates to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code, or to any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if it is determined that the Executive is entitled to a Gross-Up Payment, but that the aggregate value of the Payments do not exceed 105% of the greatest amount (the "Reduced Amount") that could be paid to the Executive such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive, and the Payments, in the aggregate, shall be reduced to the Reduced Amount.

(b) Subject to the provisions of Section 7(e) below, all determinations required to be made under this Section 7, including whether any Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized certified public accounting firm selected by the Company (the "Accounting Firm"), which may be the Company's regular outside auditors. The Company will direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and the Executive within 30 calendar days after the date of the Executive's termination of employment or any earlier time selected by the Company. All fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 7 shall be paid by the Company. If the Accounting Firm determines that any Excise Tax is payable by the Executive, the Company shall pay the required Gross-Up

Payment to the Executive no later than five calendar days following receipt of the Accounting Firm's determination (but in no event later than five calendar days prior to the due date for the Executive's income tax return on which the Excise Tax is to be included). Absent manifest error, any determination by the Accounting Firm as to the amount of the Gross-Up Payment shall be binding upon the Company and the Executive; provided, that following any payment of a Gross-Up Payment to the Executive (or to the Internal Revenue Service or other taxing authority on the Executive's behalf), the Company may require the Executive to sue for a refund of all or any portion of the Excise Taxes paid on the Executive's behalf, in which event the provisions of subsection 7(e) below shall apply. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision) at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments will not have been made by the Company, which should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. If the Company exhausts its remedies pursuant to subsection 7(e) hereof, and the Executive thereafter is required to make a payment of any Excise Tax, the Executive shall so notify the Company, and the Company shall direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and the Executive as soon as reasonably practicable. Any such Underpayment shall be promptly paid by the Company to the Executive (or to the Internal Revenue Service or other applicable taxing authority on the Executive's behalf).

(c) The Company and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated by subsection 7(b) hereof.

(d) The federal, state and local income or other tax returns filed by the Executive and the Company will be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by the Executive. The Executive will make proper payment of the amount of any Excise Tax.

(e) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment or an Underpayment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive receives written notification of such claim, and the Executive shall further provide to the Company copies of any written correspondence from the Internal Revenue Service regarding such claim. The Executive shall not pay such claim prior to the expiration of the 30-calendar-day period following the date on which he gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) provide the Company with any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax and all income, employment and other taxes (including interest and penalties with respect thereto) imposed as a result of such contest and payment of costs and expenses. Without limitation on the foregoing provisions of this subsection 7(e), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall pay the amount of such payment to the Executive along with an additional Gross-Up Payment, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax and all income, employment and other taxes (including interest or penalties with respect thereto) imposed with respect to such payment; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(f) If, after the receipt by the Executive of an amount advanced by the Company pursuant to subsection 7(e), the Executive receives any refund with respect to such claim, the Executive shall promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of a Gross-Up Payment but before the payment by the Executive of the Excise Tax, it is determined by the Accounting Firm that the Excise Tax payable by the Executive is less than the amount originally computed by

the Accounting Firm and consequently that the amount of the Gross-Up Payment is larger than that required by subsection 7(a), the Executive shall promptly refund to the Company the amount by which the Gross-Up Payment initially made to the Executive exceeds the Gross-Up Payment required under subsection 7(a) together with interest on such excess amount.

(g) If it is ultimately determined (by Internal Revenue Service private letter ruling or closing agreement, court decision or otherwise) that Gross-Up Payments and/or advances and/or Underpayments and/or any other amount paid or made by the Company pursuant to this Section 7 were not necessary to accomplish the purpose of this Section 7, the Executive (at the Company's sole expense, on an after-tax basis) shall promptly cooperate with the Company to correct such overpayments (by way of assigning any refund to the Company as provided herein, by direct repayment or otherwise) in a manner consistent with the purpose of this Section 7, which is to protect the Executive by making his whole, but not more than whole, on an after-tax basis, from the application of the Excise Tax.

8. INDEMNIFICATION AND INSURANCE

During the Term and thereafter, the Executive shall be entitled to indemnification to the fullest extent permitted in accordance with the By-Laws and/or charters or other formation and governing documents of the Company and its subsidiaries and affiliates and as provided under the terms of the Company's directors and officers liability and (if applicable) fiduciary liability insurance policies (the "Policies"), as the Policies may be amended from time to time, or any successor policy, provided, that any such policy shall have terms that are, in the aggregate, no less favorable than the terms of the relevant policy in effect on the Effective Date. If at any time the Company's Board of Directors or a committee thereof approves a form of indemnification agreement for use with the Company's directors or officers, then the Company shall enter into an indemnification agreement with the Executive containing the same terms and conditions as are contained in such form of indemnification agreement.

9. TAXES

Except as otherwise provided in Section 7 of this Agreement, the Company shall withhold from all amounts payable under this Agreement all federal, state, local and other taxes required by law to be withheld with respect to such payments.

10. CONFIDENTIALITY AND NON-SOLICITATION

(a) The Executive acknowledges that the information, observations and data obtained by his while employed by the Company concerning the business or affairs of the Company and its subsidiaries and affiliates which are not available to the public, customers, suppliers and competitors of the Company which are in the nature of trade secrets, are proprietary or the disclosure of which could reasonably be expected to cause a financial loss to the Company, or otherwise have an adverse effect on the Company ("Confidential Information") are the property of the Company or such

subsidiary or affiliate. Therefore, the Executive agrees that, except as required by law or the rules of any national securities exchange, he shall not disclose to any unauthorized person or use for his own account any Confidential Information without the prior written consent of the Board, unless and to the extent that any of the aforementioned matters becomes generally known to the public or is ascertainable from public or published information and is available for use by the public other than as a result of the Executive's acts or omissions to act. The Executive shall deliver to the Company any time the Company may request in writing, all copies of all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data, or the portions thereof, that contain the Confidential Information, which he may then possess or have under his control.

(b) During the Term and for twenty-four (24) months thereafter, the Executive shall not either directly or indirectly through another entity, (i) induce or attempt to induce any management or other key employees of the Company or its subsidiaries or affiliates to leave the employ of the Company or such subsidiary or affiliate, or in any way interfere with the relationship between the Company or its subsidiaries or affiliates and any such employee, or (ii) hire any person who was a management or other key employee of the Company or its subsidiaries or affiliates at any time during the Executive's employment with the Company.

(c) If, at the time of enforcement of this Section 10, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances, if less, shall be substituted for the stated duration, scope or area and that the court or arbitrator shall be allowed to revise the restrictions contained herein to cover, if less, the maximum period, scope and area permitted by law.

(d) In the event of the breach or a threatened breach by the Executive of any of the provisions of this Section 10, the Company, in addition and supplementary to other rights and remedies existing in its favor, may apply to any court of law or equity of competent jurisdiction for specific performance or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

11. SUCCESSORS; BINDING AGREEMENT

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, including, any corporation acquiring directly or indirectly all or substantially all of the Common Stock, business or assets of the Company, whether by merger, restructuring, reorganization, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement). Each of the Company's subsidiaries is hereby acknowledged to be a third-party beneficiary with respect to the provisions of Section 10 hereof and shall be entitled to enforce such provisions as if it were a party hereto.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. In the event of the Executive's death or of a judicial determination of his incompetence, reference in this Agreement to the Executive shall be deemed to refer, as appropriate, to his beneficiary, estate or other legal representative.

12. NO MITIGATION; NO OFFSET

The Company agrees that, subsequent to the Executive's termination of employment by the Company, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to his due under this Agreement, and that the amount of any payment that the Company is obligated to make to the Executive shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

13. NOTICE

For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when hand delivered or (unless otherwise specified) when mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Steven C. Francis
[Address]

With a copy to:

Morrison & Foerster LLP
3811 Valley Centre Drive, Suite 500
San Diego, CA 92130
Attn: Craig A. Schloss, Esq.

If to the Company:

AMN Healthcare Services, Inc.
12400 High Bluff Drive, Suite 100
San Diego, CA 92130
Attention: Chief Executive Officer

With a copy to:

Senior Vice President, General Counsel and Secretary of AMN Healthcare Services, Inc., at the address above

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

14. SURVIVORSHIP

The respective rights and obligations of the parties hereunder, including the rights and obligations set forth in Sections 6, 7, 8, 9 and 10 of this Agreement, shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

15. REPRESENTATIONS AND WARRANTIES

(a) The Company represents and warrants that (i) it is fully authorized and empowered to enter into this Agreement and that the Board has approved the terms of this Agreement, (ii) the execution of this Agreement and the performance of its obligations under this Agreement will not violate or result in a breach of the terms of any material agreement to which the Company is a party or by which it is bound, (iii) no approval by any governmental authority or body is required for it to enter into this Agreement, and (iv) the Agreement is valid, binding and enforceable against the Company in accordance with its terms.

(b) The Executive hereby represents to the Company that the execution and delivery of this Agreement by the Executive and the Company, and the performance by the Executive of the Executive's duties hereunder, shall not constitute a breach of, or otherwise contravene, the terms of any employment or other agreement to which the Executive is a party or otherwise bound.

16. MISCELLANEOUS

The parties hereto agree that this Agreement contains the entire understanding and agreement between them, and supersedes all prior understandings and agreements between the parties respecting the employment by the Company of the Executive (including, without limitation, the Employment and Non-Competition Agreement, dated as of November 19, 1999, as subsequently amended), and that the provisions of this Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the parties hereto. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretations, construction and performance of this Agreement shall be governed by the

laws of the State of California without giving effect to conflict of laws principles. The parties hereby consent to the jurisdiction of the state and federal courts located within the State of California.

17. VALIDITY

The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect.

18. COUNTERPARTS

This Agreement may be executed in one or more counterparts (and by facsimile), each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[Remainder of the Page is Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and the year first above written.

AMN HEALTHCARE SERVICES, INC.

Name:
Title:

Steven C. Francis

EXHIBIT A

CROSS RELEASE

1. Executive Release.

In partial consideration of a portion of the payments and benefits described in the employment agreement (the "Agreement"), effective May 4, 2005, by and between Steven C. Francis (the "Executive") and AMN Healthcare Services, Inc. (the "Company"), to which the Executive agrees the Executive is not otherwise entitled, the Executive, for and on behalf of herself and his heirs and assigns, subject to the following two sentences hereof, hereby waives and releases any common law, statutory or other complaints, claims, charges or causes of action of any kind whatsoever, both known and unknown, in law or in equity, which the Executive ever had, now has or may have against the Company and any of its shareholders who hold in excess of five percent (5%) of the Company's outstanding capital stock, and any of their respective subsidiaries, affiliates, predecessors, successors, assigns, directors, officers, partners, members, employees, agents (collectively, the "Releasees") by reason of facts or omissions which have occurred on or prior to the date that the Executive signs this Release, including, without limitation, any complaint, charge or cause of action arising under federal, state or local laws pertaining to employment, including the Age Discrimination in Employment Act of 1967 ("ADEA," a law which prohibits discrimination on the basis of age), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, all as amended; and all other federal, state and local laws and regulations. By signing the Release, the Executive acknowledges that he intends to waive and release any rights known or unknown that he may have against the Releasees under these and any other laws; provided, that the Executive does not waive or release claims with respect to the right to enforce Sections 6, 7 and 8 of the Agreement, any stock option or other equity agreements or arrangements to which Executive is a party or under which Executive has any rights as of the date hereof, and any plan governed by the Employee Retirement Income Security Act of 1974, as amended (the "Unreleased Claims"). In addition, the Executive does not release, discharge or waive any rights to indemnification that he may have under the certificate of incorporation, the By-Laws or equivalent governing documents of the Company or its subsidiaries or affiliates, the laws of the State of Delaware or any other state of which such subsidiary or affiliate is a domiciliary, or any indemnification agreement between the Executive and the Company, or any rights to insurance coverage under any directors' and officers' personal liability insurance or fiduciary insurance policy.

2. Proceedings.

The Executive acknowledges that he has not filed any complaint, charge, claim or proceeding, except with respect to an Unreleased Claim, if any, against any of the Releasees before any local, state or federal agency, court or other body (each individually

a “Proceeding”). The Executive represents that he is not aware of any basis on which such a Proceeding could reasonably be instituted. The Executive (i) acknowledges that he will not initiate or cause to be initiated on his behalf any Proceeding and will not participate in any Proceeding, in each case, except as required by law; and (ii) waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding, including any Proceeding conducted by the Equal Employment Opportunity Commission (“EEOC”). Further, the Executive understands that by entering into the Agreement, he will be limiting the availability of certain remedies that he may have against the Company and limiting also his ability to pursue certain claims against the Releasees. Notwithstanding the above, nothing in Section 1 of this Release shall prevent the Executive from (i) initiating or causing to be initiated on his behalf any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body challenging the validity of the waiver of his claims under ADEA contained in Section 1 of the Release (but no other portion of such waiver); or (ii) initiating or participating in an investigation or proceeding conducted by the EEOC.

3. Time to Consider.

The Executive acknowledges that he has been advised that he has twenty-one (21) days from the date of receipt of the Agreement to consider all the provisions of the Agreement and he does hereby knowingly and voluntarily waive said given twenty-one (21) day period. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT HE HAS READ THE RELEASE CAREFULLY, HAS BEEN ADVISED BY THE COMPANY TO, AND HAS IN FACT, CONSULTED AN ATTORNEY, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW HE IS GIVING UP CERTAIN RIGHTS WHICH HE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE RELEASEES, AS DESCRIBED IN SECTION 1 OF THIS RELEASE AND THE OTHER PROVISIONS HEREOF. THE EXECUTIVE ACKNOWLEDGES THAT HE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THE RELEASE, AND THE EXECUTIVE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

4. Revocation.

The Executive hereby acknowledges and understands that the Executive shall have seven (7) days from the date of his execution of the Release to revoke the Release (including, without limitation, any and all claims arising under ADEA) and that neither the Company nor any other person is obligated to provide any benefits to the Executive pursuant to Sections 6 or 7 of the Agreement until eight (8) days have passed since the Executive’s signing of this Release without the Executive’s signature having been revoked, in which event the Company immediately shall arrange and/or pay for any such benefits otherwise attributable to said eight- (8) day period. If the Executive revokes the Release, the Executive will be deemed not to have accepted the terms of the Release, and no action will be required of the Company under any section of the Release.

5. Company Release.

For and in partial consideration of the undertakings of the Executive in Section 1 of this Release, and for other good and valuable consideration the receipt of which is hereby acknowledged, the Company hereby agrees, on behalf of the Company and its shareholders and any of their respective subsidiaries, affiliates, predecessors, successors, assigns, directors, officers, partners and members (collectively, the " Company Releasors") to, and the Company Releasors do hereby release the Executive and his heirs and assigns (the "Executive Releasees") from any and all common law, statutory or other complaints, claims, charges or causes of action of any kind which the Company Releasors ever had, now have or may have against the Executive Releasees or any of them, in law or equity, by reason of facts or omissions which have occurred on or prior to the date that the Company signs this Release, including, without limitation, in connection with or in relationship to the Executive's employment or other service relationship with the Company, the termination of any such employment or service relationship, and claims of breach of contract, retaliation, fraud, and defamation (the "Company Released Claims"), provided that such Company Released Claims shall not include (i) any claims to enforce the Company Releasors' rights or obligations under or with respect to Sections 6, 7 and 10 of the Agreement, (ii) any claim alleging conduct in the nature of fraud or any other action or omission that would constitute a felony under any federal, state or local law, or (iii) any claim alleging any violation of federal or state securities laws or regulations, including, without limitation, laws regarding trading while in the possession of material nonpublic information or involving "short swing" profit restrictions, and "blue sky laws" or any violation of any listing standard of any national securities exchange or quotation system upon which any equity security of the Company is listed or quoted.

6. No Admission.

This Cross Release does not constitute an admission of liability or wrongdoing of any kind by the Executive or the Company.

7. General Provisions.

A failure of any of the Releasees to insist on strict compliance with any provision of this Cross Release shall not be deemed a waiver of such provision or any other provision hereof. If any provision of this Cross Release is determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable, and in the event that any provision is determined to be entirely unenforceable, such provision shall be deemed severable, such that all other provisions of this Cross Release shall remain valid and binding upon the Executive and the Releasees.

8. Governing Law.

The validity, interpretations, construction and performance of this Cross Release shall be governed by the laws of the State of California without giving effect to conflict of laws principles. The parties hereby consent to the jurisdiction of the state and federal courts located within the State of California.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand as of the day and year set forth opposite his signature below.

DATE

Steven C. Francis

DATE

AMN HEALTHCARE SERVICES, INC.

Name: _____

Title: _____

Exhibit 10.3

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement"), effective May 4, 2005 (the "Effective Date"), by and between AMN Healthcare Services, Inc., a Delaware corporation (the "Company"), and Susan R. Nowakowski, an individual (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to continue to be so employed and to serve from and after the Effective Date, in the capacity of President and Chief Executive Officer and to continue to perform services on its behalf in said position;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises and covenants herein contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. EMPLOYMENT

The Company agrees to continue to employ the Executive, and the Executive agrees to continue to serve the Company, on the terms and conditions set forth herein.

2. TERM

Subject to Section 5 hereof, the Executive's employment under this Agreement shall commence on the Effective Date and shall end on the fourth anniversary of the Effective Date (the "Initial Term"); provided that such term shall be automatically extended for additional one-year periods, unless, not later than 120 days prior to the expiration of the Initial Term (or any extension thereof pursuant to this Section 2) either party hereto shall provide written notice of its or her desire not to extend the term hereof to the other party hereto. As used herein, the term "Term" shall mean the Initial Term together with each one-year extension.

3. POSITION AND DUTIES

(a) The Executive shall be duly elected, effective on the Effective Date, and shall thereafter during the Term continue to serve, as President and Chief Executive Officer of the Company and shall perform such duties and exercise such supervision and powers over and with regard to the business of the Company customarily associated with the position of President and Chief Executive Officer, as well as such duties and services required herein and as may be reasonably assigned to her from time to time by the Board of Directors of the Company (the "Board"). The Executive shall also serve as a director of each wholly-owned subsidiary of the Company to which she is appointed by the Company. Other than (i) the Executive Chairman of the Board and (ii)

internal auditors of the Company who report directly to the Audit Committee of the Board, all employees of the Company shall report directly or indirectly to the Executive; and the Executive shall report to the Board. The Executive shall perform her duties to the best of her ability and in a diligent and proper manner. In addition, during the Term, the Company shall nominate the Executive for election to the Board by the shareholders of the Company so that she may continue to serve as a director of the Company in accordance with the Company's By-Laws.

(b) Except during vacations and periods of illness, the Executive shall, during the Term, devote all her business time (as opposed to personal time) and attention to the performance of services for the Company and its subsidiaries hereunder; provided, however, that the Executive shall be permitted, to (i) continue to serve on the boards of the business enterprises on which she is serving as of the Effective Date, (ii) subject to the prior consent of the Corporate Governance Committee of the Board (the "Corporate Governance Committee"), serve on any board of any business enterprise other than those referenced in clause (i) above, and (iii) serve on any board of any non-profit organization without obtaining such a consent. Notwithstanding the foregoing, the Corporate Governance Committee shall have the right, at any time during the Term, to require that the Executive resign from her position on the board or trusteeship of any for-profit organization, effective as soon as such resignation may be properly effected under applicable law, and the charters, by-laws or other governing documents of the applicable for-profit organization. On or before the Effective Date, the Executive shall provide the Corporate Governance Committee with a list of the boards and committees on which she is serving as of the Effective Date.

4. COMPENSATION AND RELATED MATTERS

(a) Salary.

(i) During the Term, the Company shall pay to the Executive a base salary at a rate of not less than $500,000 per annum, payable in accordance with the usual payroll practices of the Company, but not less frequently than monthly. The Executive's base salary may be increased from time to time by the Compensation Committee of the Board (the "Committee") and, if so increased, shall not thereafter be decreased during the Term. As used herein, "Base Salary" means the Executive's initial salary hereunder as the same may be increased during the Term.

(ii) With respect to the Executive's Base Salary for any fiscal year of the Company ("Fiscal Year") following Fiscal Year 2005, the Committee and the Executive shall work together in good faith to finalize the Base Salary for such Fiscal Year no later than the last day of the immediately preceding Fiscal Year. Following the Effective Date, the Committee shall retain a compensation consultant to prepare a report regarding the base salaries and bonus arrangements extended by comparable companies to their Chief Executive Officers, and the Committee shall take such report into account in determining the Base Salary and the Bonus (as defined below) applicable to Fiscal Year 2006. Notwithstanding anything in this Agreement to the contrary, the Executive shall not be entitled to assert that any breach of this

Section 4(a)(ii) constitutes grounds for the Executive's termination of her employment for "Good Reason" (as defined below).

(b) Welfare and Retirement Benefits. During the Term, the Executive shall be entitled to participate in all of the Company's employee pension plans, welfare benefit plans, tax-deferred savings plans or other welfare or retirement benefits or arrangements (including any insurance or trust arrangements maintained generally for the benefit of the Company's employees) and in which the executive officers of the Company are entitled generally to participate (collectively, the "Company Benefit Plans") on terms no less favorable than those available to other senior executives of the Company as in effect from time to time.

(c) Annual Bonus.

(i) Subject to and in accordance with the AMN Healthcare Services, Inc. Senior Management Bonus Plan, as such plan may be amended from time to time and approved by the Company's shareholders (the "Bonus Plan"), the Executive shall be eligible to earn an annual bonus (the "Bonus") for each Fiscal Year ending during the Term, based upon the Company's achievement of performance goals, which goals shall be one or more of the "Performance Criteria" set forth in the Bonus Plan. In no event later than 90 days after the commencement of each Fiscal Year (other than Fiscal Year 2005), the Committee shall establish a Company performance goal target (the "Target") for such Fiscal Year, which may consist of one or more Performance Criteria. Pursuant to the Bonus Plan, the "Actual Performance" of the Company shall be determined by the Committee. The Committee will determine annually if Actual Performance equals or exceeds the Target in respect of such Fiscal Year. In each case, the applicable Base Salary shall be that in effect on the last day of the relevant Fiscal Year. Notwithstanding the foregoing, and subject to the Bonus Plan and the proration described below in this Section 4(c) for the period of Fiscal Year 2005 beginning with the Effective Date, the amount of the Bonus shall be determined as follows:

Actual Performance	**Percentage of Base Salary**
Less than 90% of Target	0
90% of Target	20%
92% of Target	28%
94% of Target	35%
96% of Target	40%
98% of Target	45%
100% of Target	50%
110% of Target	100%

For Actual Performance between 100% and 110% of the Target, the Bonus shall be 50% of Base Salary plus 5% of Base Salary for each whole percentage point by which the Actual Performance exceeds 100% of Target.

Notwithstanding the foregoing, the Bonus for Fiscal Year 2005 shall be pro rated to only relate to the period from the Effective Date through December 31, 2005 such that the Bonus shall be determined based on Actual Performance for 2005 pursuant to this Section 4(c)(i) and then multiplied by a fraction the numerator of which shall be the number of days from the Effective Date through the last day of Fiscal Year 2005 and the denominator of which shall be 365. For the portion of Fiscal Year 2005 prior to the Effective Date, the Executive shall receive a pro rata portion of the bonus for Fiscal Year 2005 to which she is entitled under the Bonus Plan and Performance Criteria that the Committee previously approved for the Executive in her prior capacity as President and Chief Operating Officer.

(ii) Subject to the Bonus Plan, with respect to the Bonus for any Fiscal Year of the Company following Fiscal Year 2005, the Committee and the Executive shall work together in good faith to establish the Targets, corresponding Base Salary percentages and other terms and conditions applicable to the Bonus for such Fiscal Year no later than the last day of the immediately preceding Fiscal Year. As provided above in Section 4(a)(ii), following the Effective Date, the Committee shall retain a compensation consultant to prepare a report regarding the base salaries and bonus arrangements extended by comparable companies to their Chief Executive Officers, and the Committee shall take such report into account in determining the Base Salary and the Bonus applicable to Fiscal Year 2006. Notwithstanding anything in this Agreement to the contrary, the Executive shall not be entitled to assert that any breach of this Section 4(c)(ii) constitutes grounds for the Executive's termination of her employment for Good Reason (as defined below).

(iii) The Bonus shall be paid on the date on which bonuses are typically paid to the senior most executives of the Company (such date, the "Bonus Payment Date"); provided, however, that the Bonus Payment Date shall in no event be later than two and one-half months following the end of the Fiscal Year to which such Bonus relates, and provided, further, that such Bonus shall not be payable to the Executive if her employment is terminated after the Fiscal Year as to which such Bonus relates and before the Bonus Payment Date by the Company under subsection 5(c) hereof (for Cause).

(d) Stock Options. Subject to Committee approval, not later than two days following the Effective Date, the Company shall deliver a Non Qualified Stock Option Agreement in the form annexed hereto as Exhibit A, pursuant to which the Company shall grant to the Executive "non qualified" stock options to purchase 200,000 shares of common stock of the Company, par value $0.01 per share (the "Common Stock") as provided in such agreement.

(e) Stock Option/Restricted Stock/SAR Plans. Subject to Committee approval, the Executive shall be eligible to participate in (i) any stock option plan or program, (ii) any restricted stock plan or program, (iii) any stock appreciation rights plan or program and (iv) any other equity plan or program (each, an "Equity Plan," and collectively, "Equity Plans") that the Company adopts during the Term. The

Executive's participation under any such Equity Plan shall be at a level commensurate with her position as President and Chief Executive Officer as determined by the Committee in its discretion. Notwithstanding the foregoing, the Executive, in her sole discretion, may elect not to participate in any such Equity Plan.

(f) Vacations. During the Term, the Executive shall be entitled to the number of days of paid time off ("PTO") in each Fiscal Year determined in accordance with the Company's PTO policies.

(g) Expenses. During the Term, the Executive shall be entitled to receive reimbursement from the Company of all reasonable business expenses incurred by the Executive in performing services hereunder, including all travel expenses and living expenses while away from home on business or at the request of, and in the service of, the Company.

(h) Attorneys' Fees. The Company shall pay directly or reimburse the Executive on an after-tax basis for all reasonable attorneys' fees and costs incurred by the Executive in the negotiation and creation of this Agreement and the related Non Qualified Stock Option Agreement; provided, however, that the Company shall have no obligation to reimburse such fees in excess of $20,000.

5. TERMINATION

The Executive's employment hereunder and the Term may be terminated under the following circumstances:

(a) Death. The Executive's employment hereunder shall terminate upon her death. In the case of any such termination upon death, the Executive's estate shall be entitled to the payments and benefits described in Section 6(a).

(b) Disability. If the Executive is unable to timely and regularly perform her duties hereunder due to physical or mental illness, injury or incapacity, as determined by the Board in good faith based on medical evidence acceptable to it (a "Disability"), and such Disability continues for a period of six consecutive months, then the Company may terminate the Executive's employment hereunder. A return to work for less than 30 consecutive days during any period of Disability shall not be deemed to interrupt the running of (and shall be included in) the aforementioned six-month period. In the case of any such termination by the Board on account of Disability, the Executive shall be entitled to the payments and benefits described in Section 6(a).

(c) Termination by the Company for Cause. The Company may terminate the Executive's employment hereunder at any time for Cause. For purposes of this Agreement, "Cause" shall mean a termination of employment of the Executive by the Company due to (i) the commission by the Executive of an act of fraud or embezzlement against the Company or any of its subsidiaries or the conviction of the Executive in a court of law, or guilty plea or no contest plea, of any charge involving an

act of fraud or embezzlement (including the willful and unauthorized disclosure of information of the Company or any of its subsidiaries which the Executive knows or should know to be material, confidential and proprietary to the Company or any of its subsidiaries, which results, or could reasonably have been expected to result, in material financial loss to the Company or any of its subsidiaries), (ii) the conviction of the Executive in a court of law, or guilty plea or no contest plea, to a felony charge, (iii) the willful misconduct of the Executive as an employee of the Company or any of its subsidiaries which is reasonably likely to result in injury or financial loss to (I) the Company or (II) to any subsidiaries of the Company, which injury or loss is material to the Company taken as a whole, (iv) the willful failure of the Executive to render services to the Company or any of its subsidiaries in accordance with the Executive's employment, which failure amounts to a material neglect of the Executive's duties to the Company and does not result from physical illness, injury or incapacity, and which failure is not cured promptly after adequate notice of such failure and a reasonably detailed explanation has been presented by the Company to the Executive, or (v) a material breach of any of the covenants in subsections 3(a), 3(b) or Section 10 hereof by the Executive, which breach is not cured, if curable, within 30 days after a written notice of such breach is delivered to the Executive. The Executive shall not be deemed to have been terminated for Cause unless the Company shall have given or delivered to the Executive (1) reasonable notice setting forth the basis for termination for Cause, and (2) a reasonable opportunity for the Executive, together with her counsel, to request reconsideration by and be heard before the Board, provided; however, that such notice and opportunity to be heard shall not be required if the Board, based on the advice of counsel, deems it inconsistent with its fiduciary duties and so advises the Executive.

For purposes of determining whether the Executive was given "reasonable notice" and "reasonable opportunity to be heard" in connection with any determination by the Board as to whether Cause exists, 10 business days' notice of the Board meeting shall be deemed to constitute "reasonable notice" (without prejudice to the determination of whether some other period would also constitute "reasonable notice"), and the opportunity for the Executive and her counsel to present arguments to the Board at such meeting as to why the Executive believes that no Cause exists shall constitute "reasonable opportunity to be heard" (without prejudice to the determination of whether some other forum or method would also constitute a "reasonable opportunity to be heard"). For purposes of this Agreement, no act, or failure to act, on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company.

(d) Termination by the Executive for Good Reason. The Executive may voluntarily terminate her employment hereunder at any time for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach by the Company of this Agreement (for the avoidance of doubt, other than any breach of Section 4(a)(ii) or 4(c)(ii)) or of the Non-Qualified Stock Option Agreement, which breach is not cured within 30 days after the Board's receipt of written notice of such non-compliance from the Executive; (ii) the assignment to the Executive without her

consent by the Company of duties materially and adversely inconsistent with the Executive's position, duties or responsibilities as in effect immediately after the Effective Date, including, but not limited to, any material reduction in such position, duties or responsibilities, or a change in the Executive's title or office, as then in effect, or any removal of the Executive from any of such positions, titles or offices, or any failure to elect or reelect the Executive as a member of the Board or any removal of the Executive as such a member, except in connection with the termination of her employment pursuant to any of subsections 5(a), 5(b) or 5(c) hereof; or (iii) the relocation of the Company's headquarters to a place more than 50 miles from its location as of the Effective Date without the approval of the Executive.

(e) Termination by the Company Without Cause. The Company may at any time terminate the Executive for any reason, and, except for the amounts payable pursuant to subsection 6(b) hereof (or as otherwise set forth in any equity agreement), the Executive shall have no claim against the Company under this Agreement or otherwise by reason of such termination.

(f) Termination by the Executive Without Good Reason. The Executive may at any time terminate her employment hereunder without Good Reason; provided that the Executive will be required to give the Company at least 90 days' advance written notice of a resignation without Good Reason.

(g) Notice of Termination. Any termination of the Executive's employment hereunder, by the Company or by the Executive (other than termination pursuant to subsection 5(a) hereof), shall be communicated by written "Notice of Termination" to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

6. COMPENSATION UPON TERMINATION

(a) Death or Disability. If the Executive's employment hereunder terminates pursuant to subsections 5(a) (Death) or 5(b) (Disability), the Executive or her estate (as the case may be) shall be entitled to receive: (i) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (ii) an additional lump sum payment not later than thirty (30) days following such termination equal to (A) two times Base Salary, and (B) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, the Executive or her estate, as the case may be, shall be entitled to receive the Bonus for the Fiscal Year in which such termination occurs, which is provided under the Bonus formula for such Fiscal Year, based on Actual Performance for such Fiscal Year as if the Executive had remained in the employ of the Company through the end of such Fiscal Year. Such Bonus to be paid as and when bonuses are paid to the other senior executives of the Company. In addition, for a period of 24 months after such termination, the Executive (unless the termination is the result of the Executive's death) and her eligible dependents shall, to the extent permitted under the

applicable plans of the Company as in effect on the date of such termination be eligible to continue to participate in the medical, life, dental and disability insurance coverage provided to employees at the Company's expense; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination.

(b) Termination by the Company Without Cause or by the Executive for Good Reason.

(i) If the Executive's employment is terminated by the Company pursuant to subsection 5(e) (Without Cause) or if the Executive terminates her employment pursuant to subsection 5(d) (for Good Reason), then the Executive shall be entitled to receive: (A) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (B) an additional lump sum payment not later than thirty (30) days following such termination equal to (I) any earned but unpaid Bonus; and (II) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, and subject to the Executive's continued compliance with Section 10 of this Agreement, the Executive shall be entitled to receive (1) the "Salary Severance Benefit" and the "Bonus Severance Benefit" (as each term is defined in subsection 6(b)(ii)) and (2) continued eligibility to participate in the medical, life, dental and disability insurance coverage for the Executive and her eligible dependents to the extent permitted under the applicable plans of the Company as in effect on the date of such termination, at the Company's expense through the end of the Severance Term; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination. The Salary Severance Benefit and the Bonus Severance Benefit shall be paid in equal installments over the Severance Term in accordance with the Company's usual payroll practices and shall be subject to the Executive's continued compliance with Section 10 of this Agreement. The Executive shall have no further rights to any compensation or other benefits under this Agreement. Any other benefits (including rights to stock, stock options, retirement income and insurance) due the Executive following termination pursuant to subsection 5(e) or 5(d) hereof shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to payments or benefits under any separately stated severance plan, policy or program of the Company. Notwithstanding anything in this Agreement to the contrary, if required to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), then: (A) the Salary Severance Benefit and the Bonus Severance Benefit for the first six (6) months of the Severance Term shall accrue during such six (6) months, but shall not be paid to the Executive until the first day of the seventh month of the Severance Term; and (B) the Executive shall pay the life insurance premiums applicable to the first six (6) months of the Severance Term, for which the Executive shall be reimbursed on an after-tax basis on the first day of the seventh month of the Severance Term.

(ii) For purposes of this Section 6, the following terms shall have the meaning set forth in this subsection 6(b)(ii).

(1) "Severance Term" shall mean 24 months.

(2) "Salary Severance Benefit" shall mean the Executive's Base Salary that would have been payable from the effective date of termination through the end of the Severance Term based on the Base Salary in effect on the effective date of the termination.

(3) "Bonus Severance Benefit" shall mean an amount equal to two (2) times the Bonus (based on the Company attaining 100% of the Target under the program of the Bonus Plan in effect at the time of such termination).

(iii) Termination Following a Change in Control. Notwithstanding anything to the contrary in this Agreement, if the Executive's employment is terminated pursuant to subsections 5(d) or 5(e) hereof within one year following a Change in Control (as defined below), in lieu of receiving the amounts set forth in the second sentence of Section 6(b)(i) hereof, the Executive shall receive a lump sum payment, payable as soon as reasonably practicable following the date of such termination, in an amount equal to the sum of (A) the Salary Severance Benefit, (B) the Bonus Severance Benefit, and (C) the amount of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of the Executive's termination. In addition, for a period of 24 months after such termination, the Executive and her eligible dependents shall, to the extent permitted under the applicable plans of the Company as in effect on the date of such termination, be eligible to continue to participate in the medical, life, dental and disability insurance coverage provided to employees at the Company's expense; provided, however, that after such termination the Executive shall continue to pay premiums in respect to such coverage to the same extent that the Executive was paying such premiums immediately prior to such termination. In addition, any unvested shares of restricted stock, unvested options or other equity-based compensation awards held by the Executive automatically shall become 100% vested upon any Change in Control, as provided in the Executive's Stock Option Agreements. For purposes of this Section 6(b)(iii), the term "Change in Control" shall have the meaning set forth in the Non Qualified Stock Option Agreement in the form attached hereto as Exhibit A.

(c) Termination by the Company For Cause or by the Executive Without Good Reason. If the Executive's employment is terminated by the Company under subsection 5(c) (for Cause) or by the Executive under subsection 5(f) (without Good Reason), the Executive shall be entitled to receive: (i) a lump sum payment on the date of such termination equal to the amount of any earned, but unpaid Base Salary through the date of such termination; and (ii) an additional lump sum payment not later than thirty (30) days following such termination for reimbursement of any unreimbursed business expenses properly incurred by the Executive in accordance

with Company policy prior to the date of the Executive's termination. If the Executive's employment hereunder is terminated by the Executive under subsection 5(f) (without Good Reason), the Executive shall also be entitled to receive any earned but unpaid Bonus not later than thirty (30) days following such termination. The Executive shall have no further rights to any compensation or other benefits under this Agreement. Any other benefits (including rights to stock, stock options, retirement income and insurance), due the Executive following termination of the Executive's employment under Section 5(c) or 5(f) shall be determined in accordance with the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to any payments or benefits under any separately stated severance plan, policy or program of the Company.

(d) Expiration of the Employment Term. In the event that the Company or the Executive elects not to extend the Term as provided in Section 2 hereof, the Executive's employment shall be terminated upon the expiration of the Term, and, subject to Section 14 hereof, the provisions of this Agreement shall cease to apply effective as of such expiration, and the Executive shall be entitled to receive only the following: (i) any accrued but unpaid Base Salary through the date of termination; (ii) reimbursement of any unreimbursed business expenses properly incurred by the Executive in accordance with Company policy prior to the date of termination; and (iii) any earned but unpaid Bonus. The Executive shall thereafter receive no other compensation or benefits, other than pursuant to the terms of the plans, policies and practices of the Company; provided, however, that the Executive shall not be entitled to any payments or benefits under any separately stated severance plan, policy or program of the Company.

(e) Execution of Release of All Claims. Notwithstanding any other provision of this Agreement to the contrary, the Executive acknowledges and agrees that any and all payments to which the Executive is entitled under this Section 6 in the case of termination as a result of Disability, termination by the Company without Cause or termination by the Executive for Good Reason (other than payments of accrued and unpaid Base Salary and Bonus and reimbursement of business expenses) are conditional upon and subject to the Executive's execution of a release substantially in the form attached hereto as Exhibit B (which form may be reasonably modified from time to time).

7. EXCISE TAX GROSS-UP.

(a) Notwithstanding anything in this Agreement to the contrary, and except as set forth in the last sentence of this subsection 7(a) below, if it is determined that any payment, benefit or distribution by the Company or its subsidiaries or affiliates to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 7) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code, or to any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"),

then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. Notwithstanding the foregoing, if it is determined that the Executive is entitled to a Gross-Up Payment, but that the aggregate value of the Payments do not exceed 105% of the greatest amount (the "Reduced Amount") that could be paid to the Executive such that the receipt of Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to the Executive, and the Payments, in the aggregate, shall be reduced to the Reduced Amount.

(b) Subject to the provisions of Section 7(e) below, all determinations required to be made under this Section 7, including whether any Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized certified public accounting firm selected by the Company (the "Accounting Firm"), which may be the Company's regular outside auditors. The Company will direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and the Executive within 30 calendar days after the date of the Executive's termination of employment or any earlier time selected by the Company. All fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 7 shall be paid by the Company. If the Accounting Firm determines that any Excise Tax is payable by the Executive, the Company shall pay the required Gross-Up Payment to the Executive no later than five calendar days following receipt of the Accounting Firm's determination (but in no event later than five calendar days prior to the due date for the Executive's income tax return on which the Excise Tax is to be included). Absent manifest error, any determination by the Accounting Firm as to the amount of the Gross-Up Payment shall be binding upon the Company and the Executive; provided, that following any payment of a Gross-Up Payment to the Executive (or to the Internal Revenue Service or other taxing authority on the Executive's behalf), the Company may require the Executive to sue for a refund of all or any portion of the Excise Taxes paid on the Executive's behalf, in which event the provisions of subsection 7(e) below shall apply. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision) at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments will not have been made by the Company, which should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. If the Company exhausts its remedies pursuant to subsection 7(e) hereof, and the Executive thereafter is required to make a payment of any Excise Tax, the Executive shall so notify the Company, and the Company shall direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and the Executive as soon as reasonably practicable. Any such Underpayment shall be promptly paid by the Company to the Executive (or to the Internal Revenue Service or other applicable taxing authority on the Executive's behalf).

(c) The Company and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determination contemplated by subsection 7(b) hereof.

(d) The federal, state and local income or other tax returns filed by the Executive and the Company will be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by the Executive. The Executive will make proper payment of the amount of any Excise Tax.

(e) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Company of a Gross-Up Payment or an Underpayment. Such notification shall be given as soon as practicable but no later than ten business days after the Executive receives written notification of such claim, and the Executive shall further provide to the Company copies of any written correspondence from the Internal Revenue Service regarding such claim. The Executive shall not pay such claim prior to the expiration of the 30-calendar-day period following the date on which she gives such notice to Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(i) provide the Company with any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax and all income, employment and other taxes (including interest and penalties with respect thereto) imposed as a result of such contest and payment of costs and expenses. Without limitation on the foregoing provisions of this subsection 7(e), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct

the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall pay the amount of such payment to the Executive along with an additional Gross-Up Payment, and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax and all income, employment and other taxes (including interest or penalties with respect thereto) imposed with respect to such payment; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(f) If, after the receipt by the Executive of an amount advanced by the Company pursuant to subsection 7(e), the Executive receives any refund with respect to such claim, the Executive shall promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of a Gross-Up Payment but before the payment by the Executive of the Excise Tax, it is determined by the Accounting Firm that the Excise Tax payable by the Executive is less than the amount originally computed by the Accounting Firm and consequently that the amount of the Gross-Up Payment is larger than that required by subsection 7(a), the Executive shall promptly refund to the Company the amount by which the Gross-Up Payment initially made to the Executive exceeds the Gross-Up Payment required under subsection 7(a) together with interest on such excess amount.

(g) If it is ultimately determined (by Internal Revenue Service private letter ruling or closing agreement, court decision or otherwise) that Gross-Up Payments and/or advances and/or Underpayments and/or any other amount paid or made by the Company pursuant to this Section 7 were not necessary to accomplish the purpose of this Section 7, the Executive (at the Company's sole expense, on an after-tax basis) shall promptly cooperate with the Company to correct such overpayments (by way of assigning any refund to the Company as provided herein, by direct repayment or otherwise) in a manner consistent with the purpose of this Section 7, which is to protect the Executive by making her whole, but not more than whole, on an after-tax basis, from the application of the Excise Tax.

8. INDEMNIFICATION AND INSURANCE

During the Term and thereafter, the Executive shall be entitled to indemnification to the fullest extent permitted in accordance with the By-Laws and/or charters or other formation and governing documents of the Company and its subsidiaries

and affiliates and as provided under the terms of the Company's directors and officers liability and (if applicable) fiduciary liability insurance policies (the "Policies"), as the Policies may be amended from time to time, or any successor policy, provided, that any such policy shall have terms that are, in the aggregate, no less favorable than the terms of the relevant policy in effect on the Effective Date. If at any time the Company's Board of Directors or a committee thereof approves a form of indemnification agreement for use with the Company's directors or officers, then the Company shall enter into an indemnification agreement with the Executive containing the same terms and conditions as are contained in such form of indemnification agreement.

9. TAXES

Except as otherwise provided in Section 7 of this Agreement, the Company shall withhold from all amounts payable under this Agreement all federal, state, local and other taxes required by law to be withheld with respect to such payments.

10. CONFIDENTIALITY AND NON-SOLICITATION

(a) The Executive acknowledges that the information, observations and data obtained by her while employed by the Company concerning the business or affairs of the Company and its subsidiaries and affiliates which are not available to the public, customers, suppliers and competitors of the Company which are in the nature of trade secrets, are proprietary or the disclosure of which could reasonably be expected to cause a financial loss to the Company, or otherwise have an adverse effect on the Company ("Confidential Information") are the property of the Company or such subsidiary or affiliate. Therefore, the Executive agrees that, except as required by law or the rules of any national securities exchange, she shall not disclose to any unauthorized person or use for her own account any Confidential Information without the prior written consent of the Board, unless and to the extent that any of the aforementioned matters becomes generally known to the public or is ascertainable from public or published information and is available for use by the public other than as a result of the Executive's acts or omissions to act. The Executive shall deliver to the Company any time the Company may request in writing, all copies of all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data, or the portions thereof, that contain the Confidential Information, which she may then possess or have under her control.

(b) During the Term and for twenty-four (24) months thereafter, the Executive shall not either directly or indirectly through another entity, (i) induce or attempt to induce any management or other key employees of the Company or its subsidiaries or affiliates to leave the employ of the Company or such subsidiary or affiliate, or in any way interfere with the relationship between the Company or its subsidiaries or affiliates and any such employee, or (ii) hire any person who was a management or other key employee of the Company or its subsidiaries or affiliates at any time during the Executive's employment with the Company.

(c) If, at the time of enforcement of this Section 10, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances, if less, shall be substituted for the stated duration, scope or area and that the court or arbitrator shall be allowed to revise the restrictions contained herein to cover, if less, the maximum period, scope and area permitted by law.

(d) In the event of the breach or a threatened breach by the Executive of any of the provisions of this Section 10, the Company, in addition and supplementary to other rights and remedies existing in its favor, may apply to any court of law or equity of competent jurisdiction for specific performance or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security).

11. SUCCESSORS; BINDING AGREEMENT

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, including, any corporation acquiring directly or indirectly all or substantially all of the Common Stock, business or assets of the Company, whether by merger, restructuring, reorganization, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement). Each of the Company's subsidiaries is hereby acknowledged to be a third-party beneficiary with respect to the provisions of Section 10 hereof and shall be entitled to enforce such provisions as if it were a party hereto.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. In the event of the Executive's death or of a judicial determination of her incompetence, reference in this Agreement to the Executive shall be deemed to refer, as appropriate, to her beneficiary, estate or other legal representative.

12. NO MITIGATION; NO OFFSET

The Company agrees that, subsequent to the Executive's termination of employment by the Company, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to her due under this Agreement, and that the amount of any payment that the Company is obligated to make to the Executive shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company, or otherwise.

13. NOTICE

For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to

have been duly given when hand delivered or (unless otherwise specified) when mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Susan R. Nowakowski
[Address]

With a copy to:

Morrison & Foerster LLP
3811 Valley Centre Drive, Suite 500
San Diego, CA 92130
Attn: Craig A. Schloss, Esq.

If to the Company:

AMN Healthcare Services, Inc.
12400 High Bluff Drive, Suite 100
San Diego, CA 92130
Attention: Chairman of the Board

c/o Senior Vice President, General Counsel and Secretary

With a copy to:

Senior Vice President, General Counsel and Secretary of AMN Healthcare Services, Inc., at the address above

or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

14. SURVIVORSHIP

The respective rights and obligations of the parties hereunder, including the rights and obligations set forth in Sections 6, 7, 8, 9 and 10 of this Agreement, shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

15. REPRESENTATIONS AND WARRANTIES

(a) The Company represents and warrants that (i) it is fully authorized and empowered to enter into this Agreement and that the Board has approved the terms of this Agreement, (ii) the execution of this Agreement and the performance of its obligations under this Agreement will not violate or result in a breach of the terms of

any material agreement to which the Company is a party or by which it is bound, (iii) no approval by any governmental authority or body is required for it to enter into this Agreement, and (iv) the Agreement is valid, binding and enforceable against the Company in accordance with its terms.

(b) The Executive hereby represents to the Company that the execution and delivery of this Agreement by the Executive and the Company, and the performance by the Executive of the Executive's duties hereunder, shall not constitute a breach of, or otherwise contravene, the terms of any employment or other agreement to which the Executive is a party or otherwise bound.

16. MISCELLANEOUS

The parties hereto agree that this Agreement contains the entire understanding and agreement between them, and supersedes all prior understandings and agreements between the parties respecting the employment by the Company of the Executive (including, without limitation, the Executive Severance Agreement, dated as of November 19, 1999), and that the provisions of this Agreement may not be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the parties hereto. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretations, construction and performance of this Agreement shall be governed by the laws of the State of California without giving effect to conflict of laws principles. The parties hereby consent to the jurisdiction of the state and federal courts located within the State of California.

17. VALIDITY

The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect.

18. COUNTERPARTS

This Agreement may be executed in one or more counterparts (and by facsimile), each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[Remainder of the Page is Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and the year first above written.

AMN HEALTHCARE SERVICES, INC.

Name:
Title:

Susan R. Nowakowski

EXHIBIT A

NON QUALIFIED STOCK OPTION AGREEMENT

AMN HEALTHCARE SERVICES, INC.
STOCK OPTION PLAN
STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "Agreement"), made this DATE by and between AMN Healthcare Services, Inc. (the "Company"), a Delaware corporation, and NAME (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Company sponsors the AMN Healthcare Services, Inc. Stock Option Plan (the "Plan"), and desires to afford the Optionee the opportunity to acquire and maintain the Optionee's ownership of the Company's common stock, par value $.01 per share ("Stock") thereunder, thereby strengthening the Optionee's commitment to the welfare of the Company and Affiliates and promoting an identity of interest between stockholders and the Optionee.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Definitions.

The following definitions shall be applicable throughout the Agreement. Where defined terms are not defined herein, their meaning shall be that set forth in the Plan.

(a) "Affiliate" means (i) any entity that directly or indirectly is controlled by, or is under common control with the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means the Company or an Affiliate having "cause" to terminate an Optionee's employment or service, as defined in any existing employment, consulting or any other agreement between the Optionee and the Company or a Subsidiary or Affiliate, or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the Optionee has ceased to perform his duties to the Company or an Affiliate (other than as a result of his incapacity due to physical or mental illness or injury), which failure amounts to an intentional and

extended neglect of his duties to such party, (ii) the Committee's determination that the Optionee has engaged or is about to engage in conduct injurious to the Company or an Affiliate, (iii) the Optionee having been convicted of, or pleaded guilty or no contest to, a felony or a crime involving moral turpitude or (iv) the failure of the Optionee to follow the lawful instructions of the Board or his direct superiors; provided, however, that in the instances of clauses (i), (ii) and (iv), the Company or Affiliate, as applicable, must give the optionee twenty (20) days' prior written notice of the defaults constituting "cause" hereunder.

(d) "Change in Control" shall, unless in the case of a particular Option the applicable Stock Option Agreement states otherwise or contains a different definition of "Change in Control," be deemed to occur upon:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") (other than any of the following (each an "Excluded Person"): HWH Capital Partners, L.P., HWP Capital Partners II, L.P., HWH Nightingale Partners, L.P., HWP Nightingale Partners II, L.P., Haas Wheat & Partners, L.P., any Affiliate of any of the foregoing, or any such group of which any of the foregoing is a member) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a majority of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, or the acquisition by a Person other than an Excluded Person of at least thirty percent (30%) of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, if at such time the Excluded Persons in the aggregate own a lesser percentage of such securities than the Person making such acquisition of such securities;

(ii) the dissolution or liquidation of the Company;

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

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

the ultimate parent corporation that directly or indirectly has beneficial ownership of a majority of the combined voting power of the then outstanding voting securities of the Surviving Corporation entitled to vote generally in the election of directors.

(e) "Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(f) "Committee" means a committee of at least two people as the Board may appoint to administer the Plan or, if no such committee has been appointed by the Board, the Board. Unless the Board is acting as the Committee or the Board specifically determines otherwise, each member of the Committee shall, at the time he takes any action with respect to a Option under the Plan, be an Eligible Director, however the mere fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Option granted by the Committee which Option is otherwise validly made under the Plan.

(g) "Common Stock" means the common stock, par value $0.01 per share, of the Company.

(h) "Company" means AMN Healthcare Services, Inc.

(i) "Disability" means a condition entitling a person to receive benefits under the long-term disability plan of the Company, a Subsidiary or Affiliate, as may be applicable to the Optionee in question, or, in the absence of such a plan, the complete and permanent inability by reason of illness or accident to perform the duties of the occupation at which the Optionee was employed or served when such disability commenced or, as determined by the Committee based upon medical evidence acceptable to it.

(j) "Effective Date" means July 24, 2001.

(k) "Eligible Director" means a person who is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, or a person meeting any similar requirement under any successor rule or regulation and (ii) an "outside director" within the meaning of Section 162(m) of the Code, and the Treasury Regulations promulgated thereunder; provided, however, that clause (ii) shall apply only with respect to grants of Options with respect to which the Company's tax deduction could be limited by Section 162(m) of the Code if such clause did not apply.

(l) "Eligible Person" means any (i) individual regularly employed by the Company, a Subsidiary or Affiliate who satisfies all of the requirements of Section 6; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company, or Affiliate or (iii) consultant or

advisor to the Company, a Subsidiary or Affiliate who is entitled to participate in an "employee benefit plan" within the meaning of 17 CFR § 230.405 (which, as of the Effective Date, includes those who (A) are natural persons and (B) provide bona fide services to the Company other than in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities).

(m) "Exchange Act" means the Securities Exchange Act of 1934.

(n) "Fair Market Value," on a given date means (i) if the Stock is listed on a national securities exchange, the mean between the highest and lowest sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported; (ii) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ") on a last sale basis, the average between the high bid price and low ask price reported on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Stock is not listed on a national securities exchange nor quoted in the NASDAQ on a last sale basis, the amount determined by the Board to be the fair market value based upon a good faith attempt to value the Stock accurately and computed in accordance with applicable regulations of the Internal Revenue Service.

(o) "Grant Date" means DATE, which is the date specified in the authorization of the Option grant.

(p) "Non-Qualified Stock Option" means an Option granted by the Committee to an Optionee under the Plan which is not an incentive stock option as described in Section 422 of the Code.

(q) "Normal Termination" means termination of employment or service with the Company and Affiliates:

(i) by the Optionee;

(ii) upon retirement;

(iii) on account of death or Disability; or

(iv) by the Company, a Subsidiary or Affiliate without Cause.

(r) "Option" means an award granted under Section 2.

(s) "Option Period" means the period described in Section 2.

(t) "Option Price" means the exercise price for an Option as described in Section 2.

(u) "Optionee" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Option pursuant to Section 2.

(v) "Securities Act" means the Securities Act of 1933, as amended.

(w) "Stock" means the Common Stock or such other authorized shares of stock of the Company, as the Committee may from time to time authorize for use under the Plan.

(x) "Subsidiary" means any subsidiary of the Company as defined in Section 424(f) of the Code.

2. **Grant of Option**. Subject to the terms and conditions set forth herein, the Company hereby grants to the Optionee, during the period commencing on the date of this Agreement and ending the day prior to the tenth anniversary of the date hereof (the "Termination Date"), the right and option (the right to purchase any one share of Stock hereunder being an "Option") to purchase from the Company, at $ per share (the "Option Price"), an aggregate of shares of Stock (the "Option Shares"). The original ten-year term of such Option shall be referred to herein as the "Option Period". The Options are not intended to be "incentive stock options" within the meaning of Section 422 of the Code.

3. **Limitations on Exercise of Option**. As set forth in the Plan, and subject to the terms and conditions set forth herein, the Optionee may exercise 25% of the Option on and after the first annual anniversary of the Grant Date, an additional 25% of the Option on and after the second anniversary of the Grant Date, an additional 25% of the Option on and after the third anniversary of the Grant Date, and a final 25% of the Option on and after the fourth anniversary of the Grant Date.

4. **Termination of Employment**.

(a) If, prior to the end of the Option Period, the Optionee shall undergo a Normal Termination other than due to death or Disability, (i) the portion of the Option which is vested at the time of such Normal Termination shall be determined in accordance with Section 3, (ii) the portion of the Option which is not vested at the date of such Normal Termination shall expire on such date; and (iii) the portion of the Option which is vested at the date of such Normal Termination shall expire on the earlier of the Termination Date or the date that is three months after the date of such Normal Termination.

(b) If, prior to the end of the Option Period, the Optionee dies or incurs a Disability while still in the employ or service of the Company, a Subsidiary or

Affiliate, or if the Optionee dies within three months following a Normal Termination, (i) the portion of the Option which is not vested at the date of such termination shall expire on such date; and (ii) the portion of the Option which is vested at the date of such termination shall expire on the earlier of the Termination Date or the date that is twelve months after the date of such termination. In such event, the vested portion of the Option may be exercised as described above by the Optionee's personal representative or executor, or by the person or persons to whom the Optionee's rights under the Option pass by will or the applicable laws of descent and distribution.

(c) If, prior to the Termination Date, the Optionee is terminated from the employment or service with the Company for Cause or for reasons other than a Normal Termination, all portions of the Option then held by such Optionee (whether or not vested) shall expire immediately upon such cessation of employment or service.

5. **Method of Exercising Option**.

(a) The Optionee may exercise any or all of the Options after the time they become vested pursuant to Section 3 hereof by delivering to the Committee a written notice of exercise (in a form designated by the Committee) signed by the Optionee stating the number of Options that the Optionee has elected to exercise at that time and tendering the full payment of the Option Price of the shares of Stock to be thereby purchased from the Company. Payment of the Option Price of the shares may be made in cash and/or shares of Stock valued at the Fair Market Value at the time the Option is exercised (including any means of attestation of ownership of a sufficient number of shares of Stock in lieu of actual delivery of such shares to the Company; provided, however, that such shares are not subject to any pledge or other security interest and have either been held by the Optionee for six months, previously acquired by the Optionee on the open market or meet such other requirements as the Committee may determine necessary in order to avoid an accounting earnings charge in respect of the Option), or, in the discretion of the Committee, either (i) in other property having a fair market value on the date of exercise equal to the Option Price, (ii) by delivering to the Committee a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount of loan proceeds, or proceeds of the sale of the Stock subject to the Option, sufficient to pay the Option Price, or (iii) by such other method as the Committee may allow.

(b) The Optionee may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any shares of Stock or other property deliverable under the Option or from any compensation or other amounts owing to the Optionee the amount (in cash, Stock or other property) of any required tax withholding and payroll taxes in respect of an Option, its exercise, or any payment or transfer under an Option or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(c) Without limiting the generality of clause (b) above, in the Committee's sole discretion the Optionee may satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required withholding liability) by delivery of shares of Stock owned by the Optionee (which are not subject to any pledge or other security interest and which have been owned by the Participant for at least 6 months or purchased on the open market) with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of shares of Stock otherwise issuable pursuant to the exercise of the Option a number of shares with a Fair Market Value equal to such withholding liability.

6. **Issuance of Shares**. As promptly as practical after receipt of written notification of exercise and full payment of the Option Price together with any required income tax withholding, the Company shall issue or transfer to the Optionee, the number of shares with respect to which the Option has been so exercised (less shares withheld in satisfaction of tax withholding obligations, if any), and shall deliver to the Optionee a certificate or certificates therefor, registered in the Optionee's name. The shares delivered to the Optionee pursuant to this Section 6 shall be free and clear of all liens, fully paid and non-assessable.

7. **Company; Optionee**.

(a) The term "Company" as used in this Agreement with reference to employment shall include the Company, its Subsidiaries and its Affiliates, as appropriate.

(b) Whenever the word "Optionee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Options may be transferred by will or by the laws of descent and distribution, the word "Optionee" shall be deemed to include such person or persons.

8. **Purchase for Investment; Legends**. In the event that the offering of Option Shares with respect to which the Options are being exercised is not registered under the Securities Act, but an exemption is available that requires an investment representation or other representation, the Optionee, if electing to purchase Option Shares, shall represent that such Option Shares are being acquired for investment and not with a view to distribution thereof, and to make such other reasonable and customary representations regarding matters relevant to compliance with applicable securities laws as are deemed necessary by counsel to the Company. Stock certificates evidencing such unregistered Option Shares that are acquired upon exercise of the Options shall bear restrictive legends in substantially the following form and such other restrictive legends as are required or advisable under the provisions of any applicable laws or are provided for in the Shareholders Agreement or any other agreement to which Optionee is a party:

THE SHARES REPRESENTED BY THIS STOCK CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS

AMENDED (THE "SECURITIES ACT"), NOR UNDER ANY STATE SECURITIES LAWS AND SHALL NOT BE TRANSFERRED AT ANY TIME IN THE ABSENCE OF (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS WITH RESPECT TO SUCH SHARES AT SUCH TIME, OR (II) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL, TO THE EFFECT THAT SUCH TRANSFER AT SUCH TIME WILL NOT VIOLATE THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS.

9. **Non-Transferability**. The Options are not transferable by the Optionee other than to a designated beneficiary upon death, by will or the laws of descent and distribution, or upon approval of the Committee, to a trust solely for the benefit of the Optionee or his immediate family, and are exercisable during the Optionee's lifetime only by him, or in the case of the Options being held by such a trust, by the trustee.

10. **Forfeiture for Non-Compete Violation**.

(a) Non-Compete. The grantee agrees that during the term of grantee's employment and for a period of two years thereafter (the "Coverage Period") the grantee will not engage in, consult with, participate in, hold a position as shareholder, director, officer, consultant, employee, partner or investor, or otherwise assist any business entity (i) in any State of the United States of America or (ii) in any other country in which the Company has business activities, in either case, that is engaged in any activities which are competitive with the business of providing healthcare or other personnel on a temporary basis to hospitals, healthcare facilities or other entities and any and all business activities reasonably related thereto in which the Company or any of its divisions, affiliates or subsidiaries are then engaged.

(b) Non-Solicit. The grantee agrees that during the Coverage Period, he shall not solicit, attempt to solicit or endeavor to entice away from the Company any person who, at any time during the Term was a traveling nurse or other healthcare professional, employee, customer, client or supplier of the Company.

(c) Confidential and Proprietary Information. The grantee agrees that he will not, at any time make use of or divulge to any other person, firm or corporation any confidential or proprietary information concerning the business or policies of the Company or any of its divisions, affiliates or subsidiaries. For purposes of this Agreement, any confidential information shall constitute any information designated as confidential or proprietary by the Company or otherwise known by the grantee to be confidential or proprietary information including, without limitation, customer information. Grantee acknowledges and agrees that for purposes of this Agreement, "customer information" includes without limitation, customer lists, all lists of professional personnel, names, addresses, phone numbers, contact persons, preferences,

pricing arrangements, requirements and practices. Grantee's obligation under this Section 10(c) shall not apply to any information which (i) is known publicly; (ii) is in the public domain or hereafter enters the public domain without the fault of grantee; or (iii) is hereafter disclosed to grantee by a third party not under an obligation of confidence to the Company. Grantee agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted in writing by the Company, any document or other object containing or reflecting any such confidential or proprietary information. Grantee recognizes that all such information, whether developed by the grantee or by someone else, will be the sole exclusive property of the Company. Upon termination of employment, grantee shall forthwith deliver to the Company all such confidential or proprietary information, including without limitation all lists of customers, pricing methods, financial structures, correspondence, accounts, records and any other documents, computer disks, computer programs, software, laptops, modems or property made or held by him or under his control in relation to the business or affairs of the Company or any of its divisions, subsidiaries or affiliates, and no copy of any such confidential or proprietary information shall be retained by him.

(d) Forfeiture for Violations. If the grantee shall at any time violate the provisions of Section 10(a), (b), or (c), the grantee shall immediately forfeit all options (whether vested or unvested) and any exercise of an option which occurs after (or within 6 months before) any such violation shall be void ab initio.

11. **Rights as Stockholder**. The Optionee or a transferee of the Options shall have no rights as a stockholder with respect to any share of Stock covered by the Options until the Optionee shall have become the holder of record of such share and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Stock for which the record date is prior to the date upon which she shall become the holder of record thereof.

12. **Changes in Capital Structure**. Options granted under the Plan and any Stock Option Agreements, the maximum number of shares of Stock subject to all Options stated in Section 5(a) of the Plan and the maximum number of shares of Stock with respect to which any one person may be granted Options during any period stated in Section 5(d) of the Plan shall be subject to adjustment or substitution, as determined by the Committee in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such Options or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Stock or in the capital structure of the Company by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalization, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Option or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan. Any adjustments under Section 11 of the Plan shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the

Exchange Act. Further, with respect to Options intended to qualify as "performance-based compensation" under Section 162(m) of the Code, such adjustments or substitutions shall be made only to the extent that the Committee determines that such adjustments or substitutions may be made without causing Options granted under the Plan to fail to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code. The Company shall give each Optionee notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding the above, in the event of any of the following:

(a) The Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by shareholders of the Company in a form other than stock or other equity interests of the surviving entity;

(b) All or substantially all of the assets of the Company are acquired by another person;

(c) The reorganization or liquidation of the Company; or

(d) The Company shall enter into a written agreement to undergo an event described in clauses (a), (b) or (c) above, then the Committee may, in its discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding Options and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Options based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

13. **Effect of Change in Control**.

(a) In the event of a Change in Control, notwithstanding any vesting schedule, the Option shall become immediately exercisable with respect to 100 percent of the shares subject to such Option and, to the extent practicable, such acceleration of exercisability shall occur in a manner and at a time which allows the Optionee the ability to exercise his Option and participate in the Change in Control transaction with respect to the Stock subject to such Option.

(b) In addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the Optionee, cancel any outstanding portions of the Option and pay to the Optionee, in cash or stock, or any combination thereof, the value of such portions of the Option based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

(c) The obligations of the Company under this Agreement shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation

or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of the Optionee's rights under this Agreement in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

14. **Compliance with Law**. Notwithstanding any of the provisions hereof, the Optionee hereby agrees that the Optionee will not exercise the Options, and that the Company will not be obligated to issue or transfer any shares to the Optionee hereunder, if the exercise hereof or the issuance or transfer of such shares shall constitute a violation by the Optionee or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities for sale under the Securities Act or to take any other affirmative action in order to cause the exercise of the Options or the issuance or transfer of shares pursuant thereto to comply with any law or regulation of any governmental authority.

15. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided, provided that, unless and until some other address be so designated, all notices or communications by the Optionee to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Optionee may be given to the Optionee personally or may be mailed to her at her address as recorded in the records of the Company.

16. **No Right to Continued Employment**. This Agreement shall not be construed as giving the Optionee the right to be retained in the employ or service of the Company, a Subsidiary or an Affiliate. Further, the Company or an Affiliate may at any time dismiss the Optionee or discontinue any consulting relationship, free from any liability or any claim under this Agreement, except as otherwise expressly provided herein.

17. **Binding Effect**. Subject to Section 9 hereof, this Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

18. **Amendment of Agreement**. The Committee may, to the extent consistent with the terms of this Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any portion of the Option heretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of the Optionee in respect of any Option already granted shall not to that extent be effective without the consent of the Optionee.

19. **Option Subject to Plan**. By entering into this Agreement, the Optionee agrees and acknowledges that the Optionee has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan as it may

be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

20. **Governing Law**. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMN HEALTHCARE SERVICES, INC.

By: _____
Name:
Title:

OPTIONEE

By: _____
Name:

EXHIBIT B

CROSS RELEASE

1. Executive Release.

In partial consideration of a portion of the payments and benefits described in the employment agreement (the "Agreement"), effective May 4, 2005, by and between Susan R. Nowakowski (the "Executive") and AMN Healthcare Services, Inc. (the "Company"), to which the Executive agrees the Executive is not otherwise entitled, the Executive, for and on behalf of herself and her heirs and assigns, subject to the following two sentences hereof, hereby waives and releases any common law, statutory or other complaints, claims, charges or causes of action of any kind whatsoever, both known and unknown, in law or in equity, which the Executive ever had, now has or may have against the Company and any of its shareholders who hold in excess of five percent (5%) of the Company's outstanding capital stock, and any of their respective subsidiaries, affiliates, predecessors, successors, assigns, directors, officers, partners, members, employees, agents (collectively, the "Releasees") by reason of facts or omissions which have occurred on or prior to the date that the Executive signs this Release, including, without limitation, any complaint, charge or cause of action arising under federal, state or local laws pertaining to employment, including the Age Discrimination in Employment Act of 1967 ("ADEA," a law which prohibits discrimination on the basis of age), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, all as amended; and all other federal, state and local laws and regulations. By signing the Release, the Executive acknowledges that she intends to waive and release any rights known or unknown that she may have against the Releasees under these and any other laws; provided, that the Executive does not waive or release claims with respect to the right to enforce Sections 6, 7 and 8 of the Agreement, any stock option or other equity agreements or arrangements to which Executive is a party or under which Executive has any rights as of the date hereof, and any plan governed by the Employee Retirement Income Security Act of 1974, as amended (the "Unreleased Claims"). In addition, the Executive does not release, discharge or waive any rights to indemnification that she may have under the certificate of incorporation, the By-Laws or equivalent governing documents of the Company or its subsidiaries or affiliates, the laws of the State of Delaware or any other state of which such subsidiary or affiliate is a domiciliary, or any indemnification agreement between the Executive and the Company, or any rights to insurance coverage under any directors' and officers' personal liability insurance or fiduciary insurance policy.

2. Proceedings.

The Executive acknowledges that she has not filed any complaint, charge, claim or proceeding, except with respect to an Unreleased Claim, if any, against any of the Releasees before any local, state or federal agency, court or other body (each individually a "Proceeding"). The Executive represents that she is not aware of any basis on which such a Proceeding could reasonably be instituted. The Executive (i) acknowledges that she will not initiate or cause to be initiated on her behalf any Proceeding and will not

participate in any Proceeding, in each case, except as required by law; and (ii) waives any right she may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding, including any Proceeding conducted by the Equal Employment Opportunity Commission ("EEOC"). Further, the Executive understands that by entering into the Agreement, she will be limiting the availability of certain remedies that she may have against the Company and limiting also her ability to pursue certain claims against the Releasees. Notwithstanding the above, nothing in Section 1 of this Release shall prevent the Executive from (i) initiating or causing to be initiated on her behalf any complaint, charge, claim or proceeding against the Company before any local, state or federal agency, court or other body challenging the validity of the waiver of her claims under ADEA contained in Section 1 of the Release (but no other portion of such waiver); or (ii) initiating or participating in an investigation or proceeding conducted by the EEOC.

3. Time to Consider.

The Executive acknowledges that she has been advised that she has twenty-one (21) days from the date of receipt of the Agreement to consider all the provisions of the Agreement and she does hereby knowingly and voluntarily waive said given twenty-one (21) day period. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT SHE HAS READ THE RELEASE CAREFULLY, HAS BEEN ADVISED BY THE COMPANY TO, AND HAS IN FACT, CONSULTED AN ATTORNEY, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW SHE IS GIVING UP CERTAIN RIGHTS WHICH SHE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE RELEASEES, AS DESCRIBED IN SECTION 1 OF THIS RELEASE AND THE OTHER PROVISIONS HEREOF. THE EXECUTIVE ACKNOWLEDGES THAT SHE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THE RELEASE, AND THE EXECUTIVE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

4. Revocation.

The Executive hereby acknowledges and understands that the Executive shall have seven (7) days from the date of her execution of the Release to revoke the Release (including, without limitation, any and all claims arising under ADEA) and that neither the Company nor any other person is obligated to provide any benefits to the Executive pursuant to Sections 6 or 7 of the Agreement until eight (8) days have passed since the Executive's signing of this Release without the Executive's signature having been revoked, in which event the Company immediately shall arrange and/or pay for any such benefits otherwise attributable to said eight- (8) day period. If the Executive revokes the Release, the Executive will be deemed not to have accepted the terms of the Release, and no action will be required of the Company under any section of the Release.

5. Company Release.

For and in partial consideration of the undertakings of the Executive in Section 1 of this Release, and for other good and valuable consideration the receipt of which is

hereby acknowledged, the Company hereby agrees, on behalf of the Company and its shareholders and any of their respective subsidiaries, affiliates, predecessors, successors, assigns, directors, officers, partners and members (collectively, the " Company Releasors") to, and the Company Releasors do hereby release the Executive and her heirs and assigns (the "Executive Releasees") from any and all common law, statutory or other complaints, claims, charges or causes of action of any kind which the Company Releasors ever had, now have or may have against the Executive Releasees or any of them, in law or equity, by reason of facts or omissions which have occurred on or prior to the date that the Company signs this Release, including, without limitation, in connection with or in relationship to the Executive's employment or other service relationship with the Company, the termination of any such employment or service relationship, and claims of breach of contract, retaliation, fraud, and defamation (the "Company Released Claims"), provided that such Company Released Claims shall not include (i) any claims to enforce the Company Releasors' rights or obligations under or with respect to Sections 6, 7 and 10 of the Agreement, (ii) any claim alleging conduct in the nature of fraud or any other action or omission that would constitute a felony under any federal, state or local law, or (iii) any claim alleging any violation of federal or state securities laws or regulations, including, without limitation, laws regarding trading while in the possession of material nonpublic information or involving "short swing" profit restrictions, and "blue sky laws" or any violation of any listing standard of any national securities exchange or quotation system upon which any equity security of the Company is listed or quoted.

6. No Admission.

This Cross Release does not constitute an admission of liability or wrongdoing of any kind by the Executive or the Company.

7. General Provisions.

A failure of any of the Releasees to insist on strict compliance with any provision of this Cross Release shall not be deemed a waiver of such provision or any other provision hereof. If any provision of this Cross Release is determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable, and in the event that any provision is determined to be entirely unenforceable, such provision shall be deemed severable, such that all other provisions of this Cross Release shall remain valid and binding upon the Executive and the Releasees.

8. Governing Law.

The validity, interpretations, construction and performance of this Cross Release shall be governed by the laws of the State of California without giving effect to conflict of laws principles. The parties hereby consent to the jurisdiction of the state and federal courts located within the State of California.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand as of the day and year set forth opposite her signature below.

DATE

Susan R. Nowakowski

DATE

AMN HEALTHCARE SERVICES, INC.

Name: _____

Title: _____

Exhibit 10.4

EXECUTIVE SEVERANCE AGREEMENT

THIS EXECUTIVE SEVERANCE AGREEMENT (the "Agreement"), dated May 4, 2005, between AMN Healthcare, Inc. (the "Company") and Denise Jackson ("Executive").

1. Employment at Will.

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

2. Severance Benefits.

In the event that the Company terminates Executive's employment without "Cause" (as defined below), the Company agrees to:

(a) Pay to Executive severance payments in an amount equal to twelve (12) months base salary at the rate in effect on the date of the termination of Executive's employment (the "Termination Date"), commencing with the first payroll date after the Termination Date, and subject to the satisfaction of the conditions set forth in Section 4 below, payable in equal installments over such twelve month period by mail or by direct deposit in accordance with the Company's normal payroll schedule, practices and applicable law. Notwithstanding anything in this Agreement to the contrary, if required to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such severance payments shall be accelerated to the extent necessary to ensure that all such payments are made no later than the March 1st of the year following the year in which the Termination Date occurs. All withholding taxes and other deductions that the Company is required by law to make from wage payments to employees will be made from such severance payments.

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

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

3. No Other Payments.

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

4. Severance Benefits Conditioned Upon Release.

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

5. Miscellaneous Provisions.

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

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

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

If to the Company:

AMN HEALTHCARE, INC.
12400 High Bluff Drive, Suite 100
San Diego California 92130
Attention: General Counsel
With a Copy To: CEO

If to Executive:

Denise Jackson
[Address]

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

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

Date: _____, 2005

AMN HEALTHCARE, INC.

By: _____
Name: Susan R. Nowakowski
Title: Chief Executive Officer

Date: _____, 2005

By: _____
Name: Denise Jackson
Title: "Executive"

Exhibit 10.5

EXECUTIVE SEVERANCE AGREEMENT

THIS EXECUTIVE SEVERANCE AGREEMENT (the "Agreement"), dated May 4, 2005, between AMN Healthcare, Inc. (the "Company") and David Dreyer ("Executive").

1. Employment at Will.

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

2. Severance Benefits.

In the event that the Company terminates Executive's employment without "Cause" (as defined below), the Company agrees to:

(a) Pay to Executive severance payments in an amount equal to twelve (12) months base salary at the rate in effect on the date of the termination of Executive's employment (the "Termination Date"), commencing with the first payroll date after the Termination Date, and subject to the satisfaction of the conditions set forth in Section 4 below, payable in equal installments over such twelve month period by mail or by direct deposit in accordance with the Company's normal payroll schedule, practices and applicable law. Notwithstanding anything in this Agreement to the contrary, if required to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), such severance payments shall be accelerated to the extent necessary to ensure that all such payments are made no later than the March 1st of the year following the year in which the Termination Date occurs. All withholding taxes and other deductions that the Company is required by law to make from wage payments to employees will be made from such severance payments.

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

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

3. No Other Payments.

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

4. Severance Benefits Conditioned Upon Release.

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

5. Miscellaneous Provisions.

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

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

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

If to the Company:

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

If to Executive:

David Dreyer
[Address]

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

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

Date: _____, 2005

AMN HEALTHCARE, INC.

By: _____
Name: Susan R. Nowakowski
Title: Chief Executive Officer

Date: _____, 2005

By: _____
Name: David Dreyer
Title: "Executive"

Exhibit 10.6

AMN HEALTHCARE SERVICES, INC.

FORM OF

STOCK OPTION PLAN
STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "Agreement"), made this DATE by and between AMN Healthcare Services, Inc. (the "Company"), a Delaware corporation, and NAME (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Company sponsors the AMN Healthcare Services, Inc. Stock Option Plan (the "Plan"), and desires to afford the Optionee the opportunity to acquire and maintain the Optionee's ownership of the Company's common stock, par value $.01 per share ("Stock") thereunder, thereby strengthening the Optionee's commitment to the welfare of the Company and Affiliates and promoting an identity of interest between stockholders and the Optionee.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Definitions.

The following definitions shall be applicable throughout the Agreement. Where defined terms are not defined herein, their meaning shall be that set forth in the Plan.

(a) "Affiliate" means (i) any entity that directly or indirectly is controlled by, or is under common control with the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means the Company or an Affiliate having "cause" to terminate an Optionee's employment or service, as defined in any existing employment, consulting or any other agreement between the Optionee and the Company or a Subsidiary or Affiliate, or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the Optionee has ceased to perform his duties to the Company or an Affiliate (other than as a result of his incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his duties to such party, (ii) the Committee's determination that the Optionee has engaged or is about to engage in conduct injurious to the Company or an Affiliate, (iii) the Optionee having been convicted of, or pleaded guilty or no contest to, a

felony or a crime involving moral turpitude or (iv) the failure of the Optionee to follow the lawful instructions of the Board or his direct superiors; provided, however, that in the instances of clauses (i), (ii) and (iv), the Company or Affiliate, as applicable, must give the optionee twenty (20) days' prior written notice of the defaults constituting "cause" hereunder.

(d) "Change in Control" shall, unless in the case of a particular Option the applicable Stock Option Agreement states otherwise or contains a different definition of "Change in Control," be deemed to occur upon:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") (other than any of the following (each an "Excluded Person"): HWH Capital Partners, L.P., HWP Capital Partners II, L.P., HWH Nightingale Partners, L.P., HWP Nightingale Partners II, L.P., Haas Wheat & Partners, L.P., any Affiliate of any of the foregoing, or any such group of which any of the foregoing is a member) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a majority of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, or the acquisition by a Person other than an Excluded Person of at least thirty percent (30%) of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors, if at such time the Excluded Persons in the aggregate own a lesser percentage of such securities than the Person making such acquisition of such securities;

(ii) the dissolution or liquidation of the Company;

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

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

(e) "Code" means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to such section and any regulations under such section.

(f) "Committee" means a committee of at least two people as the Board may appoint to administer the Plan or, if no such committee has been appointed by the Board, the Board. Unless the Board is acting as the Committee or the Board specifically determines otherwise, each member of the Committee shall, at the time he takes any action with respect to a Option under the Plan, be an Eligible Director, however the mere fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Option granted by the Committee which Option is otherwise validly made under the Plan.

(g) "Common Stock" means the common stock, par value $0.01 per share, of the Company.

(h) "Company" means AMN Healthcare Services, Inc.

(i) "Disability" means a condition entitling a person to receive benefits under the long-term disability plan of the Company, a Subsidiary or Affiliate, as may be applicable to the Optionee in question, or, in the absence of such a plan, the complete and permanent inability by reason of illness or accident to perform the duties of the occupation at which the Optionee was employed or served when such disability commenced or, as determined by the Committee based upon medical evidence acceptable to it.

(j) "Effective Date" means July 24, 2001.

(k) "Eligible Director" means a person who is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, or a person meeting any similar requirement under any successor rule or regulation and (ii) an "outside director" within the meaning of Section 162(m) of the Code, and the Treasury Regulations promulgated thereunder; provided, however, that clause (ii) shall apply only with respect to grants of Options with respect to which the Company's tax deduction could be limited by Section 162(m) of the Code if such clause did not apply.

(l) "Eligible Person" means any (i) individual regularly employed by the Company, a Subsidiary or Affiliate who satisfies all of the requirements of Section 6; provided, however, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director of the Company, or Affiliate or (iii) consultant or advisor to the Company, a Subsidiary or Affiliate who is entitled to participate in an "employee benefit plan" within the meaning of 17 CFR § 230.405 (which, as of the Effective Date, includes those who (A) are natural persons and (B) provide bona fide services to the Company other than in connection with the offer or sale of securities in a

capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities).

(m) "Exchange Act" means the Securities Exchange Act of 1934.

(n) "Fair Market Value," on a given date means (i) if the Stock is listed on a national securities exchange, the mean between the highest and lowest sale prices reported as having occurred on the primary exchange with which the Stock is listed and traded on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported; (ii) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System ("NASDAQ") on a last sale basis, the average between the high bid price and low ask price reported on the date prior to such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Stock is not listed on a national securities exchange nor quoted in the NASDAQ on a last sale basis, the amount determined by the Board to be the fair market value based upon a good faith attempt to value the Stock accurately and computed in accordance with applicable regulations of the Internal Revenue Service.

(o) "Grant Date" means DATE, which is the date specified in the authorization of the Option grant.

(p) "Non-Qualified Stock Option" means an Option granted by the Committee to an Optionee under the Plan which is not an incentive stock option as described in Section 422 of the Code.

(q) "Normal Termination" means termination of employment or service with the Company and Affiliates:

(i) by the Optionee;

(ii) upon retirement;

(iii) on account of death or Disability; or

(iv) by the Company, a Subsidiary or Affiliate without Cause.

(r) "Option" means an award granted under Section 2.

(s) "Option Period" means the period described in Section 2.

(t) "Option Price" means the exercise price for an Option as described in Section 2.

(u) "Optionee" means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Option pursuant to Section 2.

(v) "Securities Act" means the Securities Act of 1933, as amended.

(w) "Stock" means the Common Stock or such other authorized shares of stock of the Company, as the Committee may from time to time authorize for use under the Plan.

(x) "Subsidiary" means any subsidiary of the Company as defined in Section 424(f) of the Code.

2. Grant of Option. Subject to the terms and conditions set forth herein, the Company hereby grants to the Optionee, during the period commencing on the date of this Agreement and ending the day prior to the tenth anniversary of the date hereof (the "Termination Date"), the right and option (the right to purchase any one share of Stock hereunder being an "Option") to purchase from the Company, at $ per share (the "Option Price"), an aggregate of shares of Stock (the "Option Shares"). The original ten-year term of such Option shall be referred to herein as the "Option Period". The Options are not intended to be "incentive stock options" within the meaning of Section 422 of the Code.

3. Limitations on Exercise of Option. As set forth in the Plan, and subject to the terms and conditions set forth herein, the Optionee may exercise 25% of the Option on and after the first annual anniversary of the Grant Date, an additional 25% of the Option on and after the second anniversary of the Grant Date, an additional 25% of the Option on and after the third anniversary of the Grant Date, and a final 25% of the Option on and after the fourth anniversary of the Grant Date.

4. Termination of Employment.

(a) If, prior to the end of the Option Period, the Optionee shall undergo a Normal Termination other than due to death or Disability, (i) the portion of the Option which is vested at the time of such Normal Termination shall be determined in accordance with Section 3, (ii) the portion of the Option which is not vested at the date of such Normal Termination shall expire on such date; and (iii) the portion of the Option which is vested at the date of such Normal Termination shall expire on the earlier of the Termination Date or the date that is three months after the date of such Normal Termination.

(b) If, prior to the end of the Option Period, the Optionee dies or incurs a Disability while still in the employ or service of the Company, a Subsidiary or Affiliate, or if the Optionee dies within three months following a Normal Termination, (i) the portion of the Option which is not vested at the date of such termination shall expire on such date; and (ii) the portion of the Option which is vested at the date of such termination shall expire on the earlier of the Termination Date or the date that is twelve

months after the date of such termination. In such event, the vested portion of the Option may be exercised as described above by the Optionee's personal representative or executor, or by the person or persons to whom the Optionee's rights under the Option pass by will or the applicable laws of descent and distribution.

(c) If, prior to the Termination Date, the Optionee is terminated from the employment or service with the Company for Cause or for reasons other than a Normal Termination, all portions of the Option then held by such Optionee (whether or not vested) shall expire immediately upon such cessation of employment or service.

5. Method of Exercising Option.

(a) The Optionee may exercise any or all of the Options after the time they become vested pursuant to Section 3 hereof by delivering to the Committee a written notice of exercise (in a form designated by the Committee) signed by the Optionee stating the number of Options that the Optionee has elected to exercise at that time and tendering the full payment of the Option Price of the shares of Stock to be thereby purchased from the Company. Payment of the Option Price of the shares may be made in cash and/or shares of Stock valued at the Fair Market Value at the time the Option is exercised (including any means of attestation of ownership of a sufficient number of shares of Stock in lieu of actual delivery of such shares to the Company; provided, however, that such shares are not subject to any pledge or other security interest and have either been held by the Optionee for six months, previously acquired by the Optionee on the open market or meet such other requirements as the Committee may determine necessary in order to avoid an accounting earnings charge in respect of the Option), or, in the discretion of the Committee, either (i) in other property having a fair market value on the date of exercise equal to the Option Price, (ii) by delivering to the Committee a copy of irrevocable instructions to a stockbroker to deliver promptly to the Company an amount of loan proceeds, or proceeds of the sale of the Stock subject to the Option, sufficient to pay the Option Price, or (iii) by such other method as the Committee may allow.

(b) The Optionee may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any shares of Stock or other property deliverable under the Option or from any compensation or other amounts owing to the Optionee the amount (in cash, Stock or other property) of any required tax withholding and payroll taxes in respect of an Option, its exercise, or any payment or transfer under an Option or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

(c) Without limiting the generality of clause (b) above, in the Committee's sole discretion the Optionee may satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required withholding liability) by delivery of shares of Stock owned by the Optionee (which are not subject to any pledge or other security interest and which have been owned by the Participant for at least 6

months or purchased on the open market) with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of shares of Stock otherwise issuable pursuant to the exercise of the Option a number of shares with a Fair Market Value equal to such withholding liability.

6. Issuance of Shares. As promptly as practical after receipt of written notification of exercise and full payment of the Option Price together with any required income tax withholding, the Company shall issue or transfer to the Optionee, the number of shares with respect to which the Option has been so exercised (less shares withheld in satisfaction of tax withholding obligations, if any), and shall deliver to the Optionee a certificate or certificates therefor, registered in the Optionee's name. The shares delivered to the Optionee pursuant to this Section 6 shall be free and clear of all liens, fully paid and non-assessable.

7. Company; Optionee.

(a) The term "Company" as used in this Agreement with reference to employment shall include the Company, its Subsidiaries and its Affiliates, as appropriate.

(b) Whenever the word "Optionee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Options may be transferred by will or by the laws of descent and distribution, the word "Optionee" shall be deemed to include such person or persons.

8. Purchase for Investment; Legends. In the event that the offering of Option Shares with respect to which the Options are being exercised is not registered under the Securities Act, but an exemption is available that requires an investment representation or other representation, the Optionee, if electing to purchase Option Shares, shall represent that such Option Shares are being acquired for investment and not with a view to distribution thereof, and to make such other reasonable and customary representations regarding matters relevant to compliance with applicable securities laws as are deemed necessary by counsel to the Company. Stock certificates evidencing such unregistered Option Shares that are acquired upon exercise of the Options shall bear restrictive legends in substantially the following form and such other restrictive legends as are required or advisable under the provisions of any applicable laws or are provided for in the Shareholders Agreement or any other agreement to which Optionee is a party:

THE SHARES REPRESENTED BY THIS STOCK CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), NOR UNDER ANY STATE SECURITIES LAWS AND SHALL NOT BE TRANSFERRED AT ANY TIME IN THE ABSENCE OF (I) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE

STATE SECURITIES LAWS WITH RESPECT TO SUCH SHARES AT SUCH TIME, OR (II) AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL, TO THE EFFECT THAT SUCH TRANSFER AT SUCH TIME WILL NOT VIOLATE THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS.

9. Non-Transferability. The Options are not transferable by the Optionee other than to a designated beneficiary upon death, by will or the laws of descent and distribution, or upon approval of the Committee, to a trust solely for the benefit of the Optionee or his immediate family, and are exercisable during the Optionee's lifetime only by him, or in the case of the Options being held by such a trust, by the trustee.

10. Forfeiture for Non-Compete Violation.

(a) Non-Compete. The grantee agrees that during the term of grantee's employment and for a period of two years thereafter (the "Coverage Period") the grantee will not engage in, consult with, participate in, hold a position as shareholder, director, officer, consultant, employee, partner or investor, or otherwise assist any business entity (i) in any State of the United States of America or (ii) in any other country in which the Company has business activities, in either case, that is engaged in any activities which are competitive with the business of providing healthcare or other personnel on a temporary basis to hospitals, healthcare facilities or other entities and any and all business activities reasonably related thereto in which the Company or any of its divisions, affiliates or subsidiaries are then engaged.

(b) Non-Solicit. The grantee agrees that during the Coverage Period, he shall not solicit, attempt to solicit or endeavor to entice away from the Company any person who, at any time during the Term was a traveling nurse or other healthcare professional, employee, customer, client or supplier of the Company.

(c) Confidential and Proprietary Information. The grantee agrees that he will not, at any time make use of or divulge to any other person, firm or corporation any confidential or proprietary information concerning the business or policies of the Company or any of its divisions, affiliates or subsidiaries. For purposes of this Agreement, any confidential information shall constitute any information designated as confidential or proprietary by the Company or otherwise known by the grantee to be confidential or proprietary information including, without limitation, customer information. Grantee acknowledges and agrees that for purposes of this Agreement, "customer information" includes without limitation, customer lists, all lists of professional personnel, names, addresses, phone numbers, contact persons, preferences, pricing arrangements, requirements and practices. Grantee's obligation under this Section 10(c) shall not apply to any information which (i) is known publicly; (ii) is in the public domain or hereafter enters the public domain without the fault of grantee; or (iii) is hereafter disclosed to grantee by a third party not under an obligation of confidence to the Company. Grantee agrees not to remove from the premises of the Company, except as an

employee of the Company in pursuit of the business of the Company or except as specifically permitted in writing by the Company, any document or other object containing or reflecting any such confidential or proprietary information. Grantee recognizes that all such information, whether developed by the grantee or by someone else, will be the sole exclusive property of the Company. Upon termination of employment, grantee shall forthwith deliver to the Company all such confidential or proprietary information, including without limitation all lists of customers, pricing methods, financial structures, correspondence, accounts, records and any other documents, computer disks, computer programs, software, laptops, modems or property made or held by him or under his control in relation to the business or affairs of the Company or any of its divisions, subsidiaries or affiliates, and no copy of any such confidential or proprietary information shall be retained by him.

(d) Forfeiture for Violations. If the grantee shall at any time violate the provisions of Section 10(a), (b), or (c), the grantee shall immediately forfeit all options (whether vested or unvested) and any exercise of an option which occurs after (or within 6 months before) any such violation shall be void ab initio.

11. Rights as Stockholder. The Optionee or a transferee of the Options shall have no rights as a stockholder with respect to any share of Stock covered by the Options until the Optionee shall have become the holder of record of such share and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Stock for which the record date is prior to the date upon which she shall become the holder of record thereof.

12. Changes in Capital Structure. Options granted under the Plan and any Stock Option Agreements, the maximum number of shares of Stock subject to all Options stated in Section 5(a) of the Plan and the maximum number of shares of Stock with respect to which any one person may be granted Options during any period stated in Section 5(d) of the Plan shall be subject to adjustment or substitution, as determined by the Committee in its sole discretion, as to the number, price or kind of a share of Stock or other consideration subject to such Options or as otherwise determined by the Committee to be equitable (i) in the event of changes in the outstanding Stock or in the capital structure of the Company by reason of stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalization, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the Date of Grant of any such Option or (ii) in the event of any change in applicable laws or any change in circumstances which results in or would result in any substantial dilution or enlargement of the rights granted to, or available for, Participants, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan. Any adjustments under Section 11 of the Plan shall be made in a manner which does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act. Further, with respect to Options intended to qualify as “performance-based compensation” under Section 162(m) of the Code, such adjustments or substitutions shall be made only to the extent that the Committee determines that such adjustments or substitutions may be made without causing Options granted under the Plan to fail to qualify as “performance-based compensation” for purposes of

Section 162(m) of the Code. The Company shall give each Optionee notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Notwithstanding the above, in the event of any of the following:

(a) The Company is merged or consolidated with another corporation or entity and, in connection therewith, consideration is received by shareholders of the Company in a form other than stock or other equity interests of the surviving entity;

(b) All or substantially all of the assets of the Company are acquired by another person;

(c) The reorganization or liquidation of the Company; or

(d) The Company shall enter into a written agreement to undergo an event described in clauses (a), (b) or (c) above, then the Committee may, in its discretion and upon at least 10 days advance notice to the affected persons, cancel any outstanding Options and pay to the holders thereof, in cash or stock, or any combination thereof, the value of such Options based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

13. Effect of Change in Control.

(a) In the event of a Change in Control, notwithstanding any vesting schedule, the Option shall become immediately exercisable with respect to 100 percent of the shares subject to such Option and, to the extent practicable, such acceleration of exercisability shall occur in a manner and at a time which allows the Optionee the ability to exercise his Option and participate in the Change in Control transaction with respect to the Stock subject to such Option.

(b) In addition, in the event of a Change in Control, the Committee may in its discretion and upon at least 10 days' advance notice to the Optionee, cancel any outstanding portions of the Option and pay to the Optionee, in cash or stock, or any combination thereof, the value of such portions of the Option based upon the price per share of Stock received or to be received by other shareholders of the Company in the event.

(c) The obligations of the Company under this Agreement shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of the Optionee's rights under this Agreement in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

14. Compliance with Law. Notwithstanding any of the provisions hereof, the Optionee hereby agrees that the Optionee will not exercise the Options, and that the Company will not be obligated to issue or transfer any shares to the Optionee hereunder, if the exercise hereof or the issuance or transfer of such shares shall constitute a violation by the Optionee or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities for sale under the Securities Act or to take any other affirmative action in order to cause the exercise of the Options or the issuance or transfer of shares pursuant thereto to comply with any law or regulation of any governmental authority.

15. Notice. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided, provided that, unless and until some other address be so designated, all notices or communications by the Optionee to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Optionee may be given to the Optionee personally or may be mailed to her at her address as recorded in the records of the Company.

16. No Right to Continued Employment. This Agreement shall not be construed as giving the Optionee the right to be retained in the employ or service of the Company, a Subsidiary or an Affiliate. Further, the Company or an Affiliate may at any time dismiss the Optionee or discontinue any consulting relationship, free from any liability or any claim under this Agreement, except as otherwise expressly provided herein.

17. Binding Effect. Subject to Section 9 hereof, this Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

18. Amendment of Agreement. The Committee may, to the extent consistent with the terms of this Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any portion of the Option heretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of the Optionee in respect of any Option already granted shall not to that extent be effective without the consent of the Optionee.

19. Option Subject to Plan. By entering into this Agreement, the Optionee agrees and acknowledges that the Optionee has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

20. Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMN HEALTHCARE SERVICES, INC.

By: _____
Name:
Title:

OPTIONEE

By: _____
Name:

APPENDIX TO

AMN HEALTHCARE SERVICES, INC.

FORM OF

STOCK OPTION PLAN
STOCK OPTION AGREEMENT

On May 4, 2005, we entered into stock option agreements with the executive officers set forth below:

Name of Executive Officer	Number of Shares of Common Stock to be Issued Pursuant to Stock Options Granted	Exercise Price of Stock Options
Susan R. Nowakowski	200,000	$14.86
David C. Dreyer	125,000	$14.86
Denise L. Jackson	65,000	$14.86

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 controls 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;

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: May 9, 2005

/s/ SUSAN R. NOWAKOWSKI

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

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 quarterly 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 controls 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;

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 controls 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 controls over financial reporting

Date: May 9, 2005

/s/ DAVID C. DREYER

Name: **David C. Dreyer**
Title: **Chief Accounting Officer and Chief 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 March 31, 2005 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: May 9, 2005

/s/ SUSAN R. NOWAKOWSKI

Susan R. Nowakowski
Chief Executive Officer and President

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 March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Dreyer, Chief Accounting Officer and Chief Financial Officer 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: May 9, 2005

/s/ DAVID C. DREYER

David C. Dreyer
Chief Accounting Officer and Chief Financial Officer