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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

Or

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

For the transition period from __________ to __________

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 x No o

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

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

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o	Smaller reporting company o

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

As of November 3, 2014, there were 46,631,739 shares of common stock, $0.01 par value, outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. *Condensed Consolidated Financial Statements*

AMN HEALTHCARE SERVICES, INC.

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

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,663	$ 15,580
Accounts receivable, net of allowances of $4,529 and $5,118 at September 30, 2014 and December 31, 2013, respectively	164,078	147,477
Accounts receivable, subcontractor	21,569	18,271
Deferred income taxes, net	24,970	24,938
Prepaid and other current assets	28,844	26,631
Total current assets	249,124	232,897
Restricted cash, cash equivalents and investments	21,012	23,115
Fixed assets, net of accumulated depreciation of $67,857 and $63,031 at September 30, 2014 and December 31, 2013, respectively	29,202	21,158
Other assets	40,045	32,279
Goodwill	144,937	144,642
Intangible assets, net of accumulated amortization of $40,022 and $42,439 at September 30, 2014 and December 31, 2013, respectively	144,498	150,197
Total assets	$ 628,818	$ 604,288
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 66,949	$ 71,081
Accrued compensation and benefits	64,574	55,949
Revolving credit facility	—	10,000
Current portion of notes payable	7,500	—
Other current liabilities	8,746	6,060
Total current liabilities	147,769	143,090
Notes payable, net of discount	138,750	148,672
Other long-term liabilities	96,881	94,784
Total liabilities	383,400	386,546
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 10,000 shares authorized; none issued and outstanding at September 30, 2014 and December 31, 2013	—	—
Common stock, $0.01 par value; 200,000 shares authorized; 46,631 and 46,011 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	466	460
Additional paid-in capital	433,373	429,055
Accumulated deficit	(187,953)	(211,275)
Accumulated other comprehensive loss	(468)	(498)
Total stockholders' equity	245,418	217,742
Total liabilities and stockholders' equity	$ 628,818	$ 604,288

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	$ 264,584	$ 257,095	$ 756,378	$ 763,158
Cost of revenue	184,278	181,428	524,957	540,071
Gross profit	80,306	75,667	231,421	223,087
Operating expenses:				
Selling, general and administrative	60,319	55,605	170,553	163,763
Depreciation and amortization	4,086	3,317	11,916	9,847
Total operating expenses	64,405	58,922	182,469	173,610
Income from operations	15,901	16,745	48,952	49,477
Interest expense, net (including loss on debt extinguishment of $3,113 and $434 for the nine months ended September 30, 2014 and 2013, respectively), and other	1,433	1,840	7,908	7,829
Income before income taxes	14,468	14,905	41,044	41,648
Income tax expense	5,969	6,290	17,722	17,071
Net income	$ 8,499	$ 8,615	$ 23,322	$ 24,577
Other comprehensive income (loss) - foreign currency translation	75	(84)	29	(19)
Comprehensive income	$ 8,574	$ 8,531	$ 23,351	$ 24,558
Net income per common share:				
Basic	$ 0.18	$ 0.19	$ 0.50	$ 0.53
Diluted	$ 0.18	$ 0.18	$ 0.49	$ 0.51
Weighted average common shares outstanding:				
Basic	46,546	45,986	46,460	45,947
Diluted	48,122	47,810	47,959	47,776

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net income	$ 23,322	$ 24,577
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,916	9,847
Non-cash interest expense and other	1,104	1,050
Increase in allowances for doubtful accounts and sales credits	2,915	2,679
Provision for deferred income taxes	1,768	1,951
Share-based compensation	5,361	4,667
Excess tax benefits from share-based compensation	(1,780)	(1,529)
Holdback settlement in equity from prior acquisition	—	(3,046)
Loss on disposal or sale of fixed assets	50	13
Loss on debt extinguishment	3,113	434
Changes in assets and liabilities:		
Accounts receivable	(19,516)	(5,102)
Accounts receivable, subcontractor	(3,298)	(402)
Prepaid expenses and other current assets	(2,184)	5,181
Other assets	(188)	(2,480)
Accounts payable and accrued expenses	(4,156)	1,573
Accrued compensation and benefits	8,625	4,778
Other liabilities	4,625	3,383
Restricted cash, cash equivalents and investments balance	(9,038)	(3,225)
Net cash provided by operating activities	22,639	44,349
Cash flows from investing activities:		
Purchase and development of fixed assets	(14,287)	(6,447)
Proceeds from sales of assets held for sale	—	600
Equity method investment	(5,000)	—
Payments to fund deferred compensation plan	(2,174)	(1,251)
Change in restricted cash, cash equivalents and investments balance	11,141	48
Net cash used in investing activities	(10,320)	(7,050)
Cash flows from financing activities:		
Capital lease repayments	(472)	(479)
Payments on term loan	(153,370)	(10,000)
Proceeds from term loan	150,000	—
Payments on revolving credit facility	(39,500)	(1,000)
Proceeds from revolving credit facility	29,500	1,000
Payment of financing costs	(3,488)	(935)
Proceeds from exercise of equity awards	1,792	1,174
Cash paid for shares withheld for taxes	(4,361)	(2,662)
Excess tax benefits from share-based compensation	1,780	1,529
Change in bank overdraft	(146)	65
Net cash used in financing activities	(18,265)	(11,308)
Effect of exchange rate changes on cash	29	(19)
Net (decrease) increase in cash and cash equivalents	(5,917)	25,972
Cash and cash equivalents at beginning of period	15,580	5,681
Cash and cash equivalents at end of period	$ 9,663	$ 31,653
Supplemental disclosures of cash flow information:		

	Nine Months Ended September 30,	
	2014	2013
Cash paid for interest (net of $83 and $63 capitalized for the nine months ended September 30, 2014 and 2013, respectively)	$ 3,687	$ 4,253
Cash paid for income taxes	$ 12,732	$ 14,708
Supplemental disclosures of non-cash investing and financing activities:		
Purchase of fixed assets recorded in accounts payable and accrued expenses	$ 3,751	$ 1,221

See accompanying notes to unaudited condensed consolidated financial statements.

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

1. BASIS OF PRESENTATION

The condensed consolidated balance sheets and related condensed consolidated statements of comprehensive income and cash flows contained in this Quarterly Report on Form 10-Q (this “Quarterly Report”), which are unaudited, include the accounts of AMN Healthcare Services, Inc. and its wholly-owned subsidiaries (collectively, the “Company”). 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 unaudited condensed consolidated financial statements have been included. These entries consisted of all normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year or for any future period.

The unaudited 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 accounting principles generally accepted in the United States. Please refer to the Company’s audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2013, contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the Securities and Exchange Commission (“SEC”) on February 21, 2014.

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

Reclassification

Certain reclassifications have been made to the prior year’s consolidated financial statements to conform to the current year presentation. Specifically, payments made into the Company’s life insurance policies to assist in funding the deferred compensation plan were reclassified from cash flows from operating activities to cash flows from investing activities in the unaudited condensed consolidated statement of cash flows for the nine months ended September 30, 2013. In addition, the Company reclassified expected insurance recoveries under its professional liability and workers’ compensation policies in the condensed consolidated balance sheet for the year ended December 31, 2013 to conform to the current year presentation. Professional liability and workers’ compensation liability were previously presented net of insurance recoveries. Commencing June 30, 2014, expected insurance recoveries are presented on a gross basis, with the short-term insurance receivable portion included within “Prepaid and other current assets” and the long-term portion included within “Other assets” on the condensed consolidated balance sheet.

2. BUSINESS COMBINATION AND EQUITY INVESTMENT

ShiftWise Acquisition

On November 20, 2013, the Company completed its acquisition of ShiftWise, a leading national provider of web-based healthcare workforce solutions, including its vendor management systems, or “VMS,” utilized by hospitals and other healthcare systems. The acquisition is not considered a material business combination and, accordingly, pro forma information is not provided. The Company accounted for the acquisition using the acquisition method of accounting and recorded the tangible and intangible assets acquired and liabilities assumed at their estimated fair values as of the date of the acquisition. The purchase price of the acquisition totaled $39,500, of which $6,000 was deposited in escrow to satisfy any indemnification claims by the Company with respect to, among other customary items, breaches of representations, warranties and covenants by ShiftWise and post-closing purchase price adjustments. The $6,000 deposited in escrow will be disbursed to the selling shareholders in three years following the closing date at $2,000 per annum minus any indemnification claims. As of the date of filing of this Form 10-Q, the Company is still finalizing the allocation of the purchase price. The provisional items pending finalization are primarily related to tax matters, which the Company expects to complete during 2014.

The preliminary allocation of the purchase price consisted of $9,899 of fair value of assets acquired, $11,801 of liabilities assumed (including $2,933 of deferred tax liabilities), $21,612 of goodwill and $19,790 of identified intangible assets. The intangible assets include the fair value of trade names and trademarks, customer relationships, non-compete agreements and acquired technologies. The weighted average useful life of the acquired intangible assets subject to amortization is approximately 8 years. There was no goodwill recognized as part of this acquisition that is deductible for tax purposes.

The results of operations of ShiftWise have been included in the nurse and allied healthcare staffing segment in the Company's condensed consolidated financial statements since the date of acquisition.

Pipeline Equity Investment

In March 2014, the Company entered into an agreement (the "Pipeline Agreement") under which it made an initial $2,000 investment in Pipeline Health Holdings LLC ("Pipeline"), a telepharmacy provider. The Company's ownership percentage in Pipeline at March 31, 2014 was approximately 9%. Under the Pipeline Agreement, the Company committed to invest up to an additional $3,000 contingent upon Pipeline reaching two milestone commitments within a year. In April and September 2014, the Company made the milestone investments of $1,000 and $2,000, respectively, which together with the initial investment represents an ownership percentage in Pipeline of approximately 18% as of September 30, 2014. The investment is accounted for under the equity method of accounting. The Company's share of Pipeline's results is included within "Interest expense, net, and other" in the accompanying unaudited condensed consolidated statement of comprehensive income for both the three and nine months ended September 30, 2014.

3. REVENUE RECOGNITION

Revenue consists of fees earned from the permanent and temporary placement of clinicians and physicians. Revenue is recognized when earned and realizable. The Company has entered into certain contracts with healthcare organizations to provide managed services programs. Under these contract arrangements, the Company uses its clinicians and physicians along with those of third party subcontractors to fulfill client orders. If the Company uses subcontractors, it records revenue net of related subcontractors expense. The resulting net revenue represents the administrative fee the Company charges for its vendor management services. The Company records subcontractor accounts receivable from the client in the consolidated balance sheets. The Company generally pays the subcontractor after it has received payment from the client. Payables to subcontractors of $23,613 and $22,051, respectively, were included in accounts payable and accrued expenses in the unaudited condensed consolidated balance sheet as of September 30, 2014 and the audited consolidated balance sheet as of December 31, 2013.

4. NET INCOME PER COMMON SHARE

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

Share-based awards to purchase 286 and 296 shares of common stock were not included in the calculation of diluted net income per common share for the three months ended September 30, 2014 and 2013, respectively, because the effect of these instruments was anti-dilutive. Share-based awards to purchase 344 and 313 shares of common stock were not included in the calculation of diluted net income per common share for the nine months ended September 30, 2014 and 2013, respectively, because the effect of these instruments was anti-dilutive.

The following table sets forth the computation of basic and diluted net income per common share for the three and nine months ended September 30, 2014 and 2013, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income	$ 8,499	$ 8,615	$ 23,322	$ 24,577
Net income per common share - basic	$ 0.18	$ 0.19	$ 0.50	$ 0.53
Net income per common share - diluted	$ 0.18	$ 0.18	$ 0.49	$ 0.51
Weighted average common shares outstanding - basic	46,546	45,986	46,460	45,947
Plus dilutive effect of potential common shares	1,576	1,824	1,499	1,829
Weighted average common shares outstanding - diluted	48,122	47,810	47,959	47,776

5. SEGMENT INFORMATION

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

The Company's management relies on internal management reporting processes that provide revenue and operating income by reportable segment for making financial decisions and allocating resources. Segment operating income represents income before income taxes plus depreciation, amortization of intangible assets, share-based compensation expense, interest expense (net) and other, and unallocated corporate overhead. The Company's management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue				
Nurse and allied healthcare staffing	$ 174,292	$ 170,955	$ 503,636	$ 517,858
Locum tenens staffing	78,816	75,253	219,996	213,417
Physician permanent placement services	11,476	10,887	32,746	31,883
	$ 264,584	$ 257,095	$ 756,378	$ 763,158
Segment Operating Income				
Nurse and allied healthcare staffing	$ 21,279	$ 20,392	$ 63,283	$ 62,994
Locum tenens staffing	8,139	7,547	22,830	17,347
Physician permanent placement services	2,756	2,205	7,074	6,735
	32,174	30,144	93,187	87,076
Unallocated corporate overhead	10,396	8,595	26,958	23,085
Depreciation and amortization	4,086	3,317	11,916	9,847
Share-based compensation	1,791	1,487	5,361	4,667
Interest expense, net (including loss on debt extinguishment of $3,113 and $434 for the nine months ended September 30, 2014 and 2013, respectively), and other	1,433	1,840	7,908	7,829
Income before income taxes	$ 14,468	$ 14,905	$ 41,044	$ 41,648

6. FAIR VALUE MEASUREMENTS

Fair value represents the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which the Company would conduct a transaction, in addition to the assumptions that market participants would use when pricing the related assets or liabilities, including non-performance risk.

A three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of the fair value hierarchy are as follows:

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

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

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

Assets Measured on a Recurring Basis

The Company's assets that are measured at fair value on a recurring basis include restricted cash equivalents and investments and the Company's investments associated with its deferred compensation plan. The following tables present information about these assets and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements as of September 30, 2014	
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**
U.S. Treasury securities	$ 6,700	$ 6,700
Money market funds	335	335
Total financial assets measured at fair value	$ 7,035	$ 7,035

	Fair Value Measurements as of December 31, 2013	
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**
U.S. Treasury securities	$ 17,817	$ 17,817
Money market funds	359	359
Total financial assets measured at fair value	$ 18,176	$ 18,176

The Company's restricted cash equivalents and investments typically consist of U.S. Treasury securities and money market funds on deposit with financial institutions that serve as collateral for the Company's outstanding letters of credit, and the Company's investments associated with its deferred compensation plan typically consist of money market funds, which fair values are based on quoted prices in active markets for identical assets.

Assets Measured on a Non-Recurring Basis

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to its goodwill, indefinite-lived intangible assets, long-lived assets and equity method investment. There were no triggering events identified and no indication of impairment of the Company’s goodwill, indefinite-lived intangible assets, long-lived assets or equity method investment during the nine months ended September 30, 2014 and 2013.

Fair Value of Financial Instruments

The carrying amount of notes payable approximates its fair value as the instrument’s interest rates are variable and comparable to rates currently offered for similar debt instruments of comparable maturity. The fair value of the Company’s long-term self-insurance accruals cannot be estimated as the Company cannot reasonably determine the timing of future payments.

7. INCOME TAXES

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. With few exceptions, as of September 30, 2014, the Company is no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2005. During 2013, the Internal Revenue Service (“IRS”) completed its tax audit of the Company for the years 2007, 2008, 2009 and 2010. The IRS issued a Revenue Agent Report (“RAR”) to the Company related to its completed tax examination. The RAR seeks adjustments to the Company’s taxable income for 2007-2010 and net operating loss carryforwards for 2005-2006. The adjustments to the Company’s taxable income relate to the proposed disallowance of certain per diems paid to our clinicians and locum tenens providers on the Company’s income tax return. Concurrent with the RAR, the Company received an Employment Tax Examination Report (“ETER”) for 2009 and 2010. The ETER adjustments propose additional Company payroll tax liabilities and penalties related to the treatment of certain non-taxable per diem allowances and travel benefits. The positions in the RAR and ETER are mutually exclusive. The RAR and ETER contain multiple tax positions, some of which are contrary to each other.

The Company has filed a Protest Letter for both the RAR and ETER and intends to defend its position. The Company has held three meetings with the IRS Appeals office and will continue to meet with the IRS Appeals office throughout the course of the year. The Company cannot predict with certainty the timing of a resolution. The Company believes its reserve for unrecognized tax benefits and contingent tax issues is adequate. Notwithstanding, the Company could adjust its provision for income taxes and contingent tax liability based on future developments.

The IRS commenced income and payroll tax audits for the years 2011 and 2012 during November 2013.

8. NOTES PAYABLE AND RELATED CREDIT AGREEMENT

On April 18, 2014, the Company entered into a Credit Agreement (the “Credit Agreement”) with several lenders to provide for two credit facilities (the “New Credit Facilities”) to replace its prior credit facilities, including (A) a $225,000 secured revolving credit facility (the “Revolver”) that includes a $40,000 sublimit for the issuance of letters of credit and a $20,000 sublimit for swingline loans and (B) a $150,000 secured term loan credit facility (the “Term Loan”). In addition, the Credit Agreement provides that the Company may from time to time obtain an increase in the Revolver or the Term Loan or both in an aggregate principal amount not to exceed $125,000 subject to, among other conditions, the arrangement of additional commitments with financial institutions reasonably acceptable to the Company and the administrative agent. The obligations of the Company under the Credit Agreement and the New Credit Facilities are secured by substantially all of the assets of the Company.

The New Credit Facilities are available for working capital, capital expenditures, permitted acquisitions and general corporate purposes of the Company. The maturity date of the New Credit Facilities is April 18, 2019. At September 30, 2014, the outstanding balance of the Term Loan was $146,250, of which $7,500 is due in the next 12 months, and there was no amount outstanding under the Revolver. At September 30, 2014, with $8,155 of outstanding letters of credit collaterialized by the Revolver, there was $216,845 of available credit under the Revolver.

Annual principal maturities of the outstanding Term Loan are as follows:

Three months ending December 31, 2014	$	1,875
Year ending December 31, 2015		7,500
Year ending December 31, 2016		7,500
Year ending December 31, 2017		7,500
Year ending December 31, 2018		7,500
Thereafter		114,375
	$	146,250

The Revolver carries an unused fee of 0.25% to 0.35% per annum and each standby letter of credit issued under the Revolver is subject to a letter of credit fee ranging from 1.50% to 2.25% per annum of the average daily maximum amount available to be drawn under the standby letter of credit, in each case, depending on the Company's consolidated leverage ratio, as calculated quarterly in accordance with the Credit Agreement. The Term Loan is subject to amortization of principal of 5.00% per year of the original Term Loan amount, which is $7,500 per annum, and payable in equal quarterly installments. Borrowings under the Term Loan and Revolver bear interest at floating rates, at the Company's option, based upon either LIBOR plus a spread of 1.50% to 2.25% or a base rate plus a spread of 0.50% to 1.25%. The applicable spread is determined quarterly based upon the Company's consolidated leverage ratio, as calculated quarterly in accordance with the Credit Agreement. The interest rate for the outstanding Term Loan was 1.9% on a LIBOR basis as of September 30, 2014.

The Company used the proceeds from the New Credit Facilities to repay in full all outstanding indebtedness under its prior credit facilities and to pay related transaction costs. In addition, approximately $9,500 of standby letters of credit issued under the prior credit facilities were rolled into and deemed issued under the Revolver.

In connection with obtaining the New Credit Facilities, the Company incurred $3,488 in fees paid to lenders and other third parties, which were capitalized and are amortized to interest expense over the term of the New Credit Facilities. In addition, the Company wrote off $3,113 of unamortized financing fees and original issue discount, which was recorded as loss on debt extinguishment in the accompanying unaudited condensed consolidated statement of comprehensive income for the nine months ended September 30, 2014.

The Credit Agreement contains various customary affirmative and negative covenants, including restrictions on assumption of additional indebtedness, declaration and payment of dividends, dispositions of assets, consolidation into another entity and allowable investments. It also contains financial covenants that require the Company (1) not to exceed a certain maximum consolidated leverage ratio, as calculated in accordance with the Credit Agreement, which is initially set at 4.00 to 1.00 but ultimately steps down to 3.50 to 1.00 beginning with the fiscal quarter ending June 30, 2016, and (2) to maintain a minimum consolidated interest coverage ratio of 2.50 to 1.00, as calculated in accordance with the Credit Agreement.

Letters of Credit

At September 30, 2014, the Company maintained outstanding standby letters of credit totaling $15,190 as collateral in relation to its professional liability insurance agreements, workers' compensation insurance agreements, and a corporate office lease agreement. Of the $15,190 of outstanding letters of credit, the Company has collateralized $7,035 in cash, cash equivalents and investments and the remaining amounts are collateralized by the Revolver. Outstanding standby letters of credit at December 31, 2013 totaled $27,691.

9. COMMITMENTS AND CONTINGENCIES

(a) Legal

The Company is subject to various claims and legal actions in the ordinary course of its business. Some of these matters relate to professional liability, tax, payroll, contract and employee-related matters and include individual and collective lawsuits, as well as inquiries and investigations by governmental agencies regarding the Company's employment practices. During the first quarter of 2014, the Company completed the settlement of a wage and hour class action (and a related action) for an immaterial amount. Additionally, some of the Company's clients may also become subject to claims, governmental inquiries and investigations and legal actions relating to services provided by the Company's clinicians and physicians. Depending upon the particular facts and circumstances, the Company may be subject to indemnification obligations under its contracts with certain clients relating to these matters.

(b) Leases

During the nine months ended September 30, 2014, the Company entered into a third amendment (the “Third Amendment”) to its office lease (as amended to date, the “Lease”) with Kilroy Realty, L.P. for its corporate headquarters in San Diego. Among other things, the Third Amendment extended the term under the Lease nine additional years from its original termination date of August 1, 2018 through July 31, 2027 and also reduced the rental payment from January 1, 2015 through the original termination date in 2018. The Company recognizes rent expense on a straight-line basis over the lease term. Future minimum lease payments under the Third Amendment as of September 30, 2014 are as follows:

Three months ending December 31, 2014	$	2,311
Year ending December 31, 2015		6,500
Year ending December 31, 2016		8,073
Year ending December 31, 2017		8,355
Year ending December 31, 2018		8,648
Thereafter		87,892
Total minimum lease payments	$	121,779

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

The following discussion should be read in conjunction with 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 fiscal year ended December 31, 2013, filed with the SEC on February 21, 2014 ("2013 Annual Report"). Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements." We undertake no obligation to update the forward-looking statements in this Quarterly Report. References in this Quarterly Report to "AMN Healthcare," the "Company," "we," "us" and "our" refer to AMN Healthcare Services, Inc. and its wholly owned subsidiaries.

Overview

We are the innovator in healthcare workforce solutions and staffing services to healthcare facilities across the nation. As an innovative workforce solutions partner, our managed services programs, vendor management solutions, or "VMS," recruitment process outsourcing, or "RPO," and recruitment and placement of physicians, nurses and allied healthcare professionals into temporary and permanent positions enable our clients to successfully reduce complexity, increase efficiency and improve patient outcomes within the rapidly evolving healthcare environment. Our clients include acute and sub-acute care hospitals, government facilities, community health centers and clinics, physician practice groups, and several other healthcare-related settings. Our clients utilize our workforce solutions and healthcare staffing services to manage their temporary and permanent clinical workforce needs in an economically beneficial manner. Our managed services programs and vendor management solutions enable healthcare organizations to increase their efficiency by managing all of their clinical supplemental workforce needs through one company or technology.

We conduct business through three reportable segments: nurse and allied healthcare staffing, locum tenens staffing and physician permanent placement services. For the three months ended September 30, 2014, we recorded revenue of $264.6 million, as compared to $257.1 million for the same period last year. For the three months ended September 30, 2014, we recorded net income of $8.5 million, as compared to $8.6 million for the same period last year. For the nine months ended September 30, 2014, we recorded revenue of $756.4 million, as compared to $763.2 million for the same period last year. For the nine months ended September 30, 2014, we recorded net income of $23.3 million, as compared to $24.6 million for the same period last year.

Nurse and allied healthcare staffing segment revenue comprised 67% and 68% of total consolidated revenue for the nine months ended September 30, 2014 and 2013, respectively. Through our nurse and allied healthcare staffing segment, we provide hospital and other healthcare facilities with a range of clinical workforce solutions, including: (1) a comprehensive managed services solution in which we manage all of the temporary nursing and allied staffing needs of a client; (2) a software as a service, or "SaaS," VMS through which our clients can manage all of their temporary nursing and allied staffing needs; (3) traditional clinical staffing solutions of variable assignment lengths; and (4) a recruitment process outsourcing program that leverages our expertise and support systems to replace or complement a client's existing internal recruitment function for permanent placement needs.

Locum tenens staffing segment revenue comprised 29% and 28% of total consolidated revenue for the nine months ended September 30, 2014 and 2013, respectively. Through our locum tenens staffing segment, we (1) provide a comprehensive managed services solution in which we manage all of the locum tenens needs of a client; (2) provide a SaaS VMS through which our clients can manage all of their locum tenens needs; and (3) place physicians of all specialties, as well as dentists and other advanced practice providers, with clients on a temporary basis as independent contractors. These locum tenens are used by our healthcare facility and physician practice group clients to fill temporary vacancies created by vacation and leave schedules and to bridge the gap while they seek permanent candidates or explore expansion. Our locum tenens clients represent a diverse group of healthcare organizations throughout the United States, including hospitals, health systems, medical groups, occupational medical clinics, psychiatric facilities, government institutions and insurance entities. The professionals we place are recruited nationwide and are typically placed on multi-week contracts with assignment lengths ranging from a few days up to one year.

Physician permanent placement services segment revenue comprised 4% of total consolidated revenue for both the nine months ended September 30, 2014 and 2013. Through our physician permanent placement services segment, we assist hospitals, healthcare facilities and physician practice groups throughout the United States in identifying and recruiting physicians for permanent placement. We perform the vast majority of our services on a retained basis through our Merritt Hawkins® brand, for which we are generally paid through a blend of retained search fees and variable fees tied to work performed and successful placement. To a smaller degree, we also perform our services on a contingent basis, exclusively through our Kendall & Davis® brand, for which fees are paid once physician candidates are ultimately hired by our clients. Our broad specialty offerings include over 70 specialist and sub-specialist opportunities such as internal medicine, family practice and orthopedic surgery.

Management Initiatives

Our growth strategy focuses on providing an innovative and differentiated value and experience to our clients and healthcare professionals. To accomplish this, we have broadened our service offerings beyond our traditional travel nurse and allied temporary staffing, locum tenens staffing, and physician permanent placement services, to include more strategic and recurring revenue sources from innovative workforce solutions offerings such as managed services programs, VMS and recruitment process outsourcing. Through these differentiated services, we have built strategic relationships with our clients to assist them in improving their financial, operational and patient care results through productivity and quality candidates. We continually seek strategic opportunities to expand into complementary service offerings that leverage our core capabilities of recruiting and credentialing healthcare professionals, while providing a more recurring stream of revenue that reduces our exposure to economic cycle risk. At the same time, we continue to invest in our innovative workforce solutions, new candidate recruitment initiatives and technology infrastructure to ensure we are strategically ready in the long term to capitalize on the demand growth anticipated from the significant healthcare workforce shortages due to healthcare reform and the aging population.

Recent Trends

The healthcare staffing environment improved throughout the third quarter of 2014. Demand in our travel nurse and allied healthcare staffing businesses is significantly above prior-year levels. This demand growth has translated into increased booking levels. Our locum tenens business has also experienced increased demand since the beginning of the year across a majority of the specialties.

We continue to see clients migrate to managed services program relationships, with particular increased activity in our locum tenens division. During the nine months ended September 30, 2014, revenue from these contracts represented approximately 33% of our consolidated revenue as compared to 29% for the same period last year. With the inclusion of ShiftWise VMS revenue and continued penetration of managed services programs and recruitment process outsourcing, we expect that revenue attributable to our workforce solutions will continue to grow. These relationships have improved our ability to fill more of our clients' needs and create operational efficiencies.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to asset impairment, accruals for self-insurance and compensation and related benefits, revenue recognition, accounts receivable, contingencies and litigation, valuation and recognition of share-based payments, and income taxes. We base these estimates on the information that is currently available to us and on various other assumptions that we believe are reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions. If these estimates differ significantly from actual results, our consolidated financial statements and future results of operations may be materially impacted. Under our indefinite-lived intangible asset valuation policy, we intend to perform the annual impairment test during the fourth quarter. Although a triggering event has not occurred during 2014, given the recent lower than expected revenue in the local staffing business, a component of our nurse and allied healthcare staffing segment, it is reasonably possible that we could record an impairment charge on the related indefinite-lived tradename in the fourth quarter when we conduct our annual impairment test. Our critical accounting policies and estimates, except for the gross presentation of professional liability reserve and workers' compensation reserve as described in "Item 1. Condensed Consolidated Financial Statements (unaudited) - Notes to Unaudited Condensed Consolidated Financial Statements - Note 1 - Basis of Presentation," remain consistent with those reported in our 2013 Annual Report.

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Unaudited Condensed Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	69.6	70.6	69.4	70.8
Gross profit	30.4	29.4	30.6	29.2
Selling, general and administrative	22.8	21.6	22.5	21.5
Depreciation and amortization	1.5	1.3	1.6	1.3
Income from operations	6.1	6.5	6.5	6.4
Interest expense, net, and other	0.5	0.7	1.0	1.0
Income before income taxes	5.6	5.8	5.5	5.4
Income tax expense	2.3	2.4	2.3	2.2
Net income	3.3%	3.4%	3.2%	3.2%

Comparison of Results for the Three Months Ended September 30, 2014 to the Three Months Ended September 30, 2013

Revenue. Revenue increased 3% to $264.6 million for the three months ended September 30, 2014 from $257.1 million for the same period in 2013, due to higher revenue in all three of our reportable segments.

Nurse and allied healthcare staffing segment revenue increased 2% to $174.3 million for the three months ended September 30, 2014 from $171.0 million for the same period in 2013. The increase was primarily due to the addition of ShiftWise revenue and an increase in bill rates during the three months ended September 30, 2014. The increase was partially offset by a 2% decrease in the average number of clinicians on assignment, which primarily resulted from decreased volume of electronic medical record engagements during the three months ended September 30, 2014 as compared to the same period in the prior year.

Locum tenens staffing segment revenue increased 5% to $78.8 million for the three months ended September 30, 2014 from $75.3 million for the same period in 2013. The increase was primarily attributable to a 7% increase in revenue per day filled, partially offset by a 2% decrease in the number of days filled during the three months ended September 30, 2014.

Physician permanent placement services segment revenue increased 5% to $11.5 million for the three months ended September 30, 2014 from $10.9 million for the same period in 2013. The increase was primarily due to an increase in active searches during the three months ended September 30, 2014.

Cost of Revenue. Cost of revenue increased 2% to $184.3 million for the three months ended September 30, 2014 from $181.4 million for the same period in 2013. The increase was primarily due to higher revenue in all three of our reportable segments during the three months ended September 30, 2014.

Nurse and allied healthcare staffing segment cost of revenue increased slightly to $124.3 million for the three months ended September 30, 2014 from $124.2 million for the same period in 2013. The increase was primarily attributable to a $0.7 million unfavorable actuarial-based increase in workers' compensation liability reserves recorded during the three months ended September 30, 2014 and partially offset by a 2% decrease in the average number of clinicians on assignment during the period.

Locum tenens staffing segment cost of revenue increased 5% to $56.0 million for the three months ended September 30, 2014 from $53.2 million for the same period in 2013. The increase was primarily attributable to increase in pay rates to the locum tenens providers, partially offset by a decrease in the number of days filled during the three months ended September 30, 2014.

Physician permanent placement services segment cost of revenue decreased 1% to $4.0 million for the three months ended September 30, 2014 from $4.1 million for the same period in 2013 primarily due to a decrease in recruiter compensation during the three months ended September 30, 2014.

Gross Profit. Gross profit increased 6% to $80.3 million for the three months ended September 30, 2014 from $75.7 million for the same period in 2013, representing gross margins of 30.4% and 29.4%, respectively. The increase in consolidated gross margin was due to an increase in gross margin in the nurse and allied healthcare staffing segment and physician permanent placement services segment. The nurse and allied healthcare staffing segment increase in gross margin was primarily due to the addition of the higher margin ShiftWise business we acquired in November 2013 and higher bill to pay spreads during the three months ended September 30, 2014. The locum tenens staffing segment decrease in gross margin was primarily due to lower bill to pay spreads during the three months ended September 30, 2014. Gross margin by reportable segment for the three months ended September 30, 2014 and 2013 was 28.7% and 27.4% for nurse and allied healthcare staffing, 29.0% and 29.3% for locum tenens staffing, and 64.9% and 62.6% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative ("SG&A") expenses were $60.3 million, representing 22.8% of revenue, for the three months ended September 30, 2014, as compared to $55.6 million, representing 21.6% of revenue, for the same period in 2013. The increase in SG&A expenses was due primarily to the addition of our ShiftWise business, higher expenses associated with our information technology initiatives, and higher expenses to support our current demand and future growth initiatives. SG&A expenses broken down among the reportable segments, unallocated corporate overhead and share-based compensation are as follows:

	(In Thousands) Three Months Ended September 30,	
	2014	**2013**
Nurse and allied healthcare staffing	$ 28,749	$ 26,395
Locum tenens staffing	14,694	14,519
Physician permanent placement services	4,689	4,609
Unallocated corporate overhead	10,396	8,595
Share-based compensation	1,791	1,487
	$ 60,319	$ 55,605

Depreciation and Amortization Expenses. Amortization expense increased 19% to $1.9 million for the three months ended September 30, 2014 from $1.6 million for the same period in 2013, primarily attributable to additional amortization expense related to the intangibles assets resulting from the ShiftWise acquisition in November 2013. Depreciation expense increased 29% to $2.2 million for the three months ended September 30, 2014 from $1.7 million for the same period in 2013, primarily attributable to fixed assets acquired as part of the ShiftWise acquisition and an increase in purchased and developed hardware and software.

Interest Expense, Net, and Other. Interest expense, net, and other, was $1.4 million for the three months ended September 30, 2014 as compared to $1.8 million for the same period in 2013. The lower interest expense for the three months ended September 30, 2014 as compared to the same period in 2013 was due to lower average debt outstanding balance and lower interest rate.

Income Tax Expense. Income tax expense was $6.0 million for the three months ended September 30, 2014 as compared to income tax expense of $6.3 million for the same period in 2013, reflecting effective income tax rates of 41.3% and 42.2% for these periods, respectively. The difference in the effective income tax rate was primarily attributable to the relationship of pre-tax income to permanent differences related to unrecognized tax benefits. We currently estimate our annual effective income tax rate to be approximately 43.2% for 2014.

Comparison of Results for the Nine Months Ended September 30, 2014 to the Nine Months Ended September 30, 2013

Revenue. Revenue decreased 1% to $756.4 million for the nine months ended September 30, 2014 from $763.2 million for the same period in 2013, due to lower revenue in our nurse and allied healthcare staffing segment, partially offset by higher revenue in our locum tenens staffing and physician permanent placement segments.

Nurse and allied healthcare staffing segment revenue decreased 3% to $503.6 million for the nine months ended September 30, 2014 from $517.9 million for the same period in 2013. The decrease was primarily due to a 6% decrease in the average number of clinicians on assignment, which partially resulted from decreased volume of electronic medical record engagements during the nine months ended September 30, 2014 as compared to the same period in the prior year. The decrease was partially offset by the addition of ShiftWise revenue and an increase in bill rates during the nine months ended September 30, 2014.

Locum tenens staffing segment revenue increased 3% to $220.0 million for the nine months ended September 30, 2014 from $213.4 million for the same period in 2013. The increase was primarily attributable to a 5% increase in revenue per day filled, partially offset by a 2% decrease in the number of days filled during the nine months ended September 30, 2014.

Physician permanent placement services segment revenue increased 3% to $32.7 million for the nine months ended September 30, 2014 from $31.9 million for the same period in 2013. The increase was primarily due to an increase in active searches during the nine months ended September 30, 2014.

Cost of Revenue. Cost of revenue decreased 3% to $525.0 million for the nine months ended September 30, 2014 from $540.1 million for the same period in 2013. The decrease was primarily due to a decrease in the average number of clinicians on assignment in the nurse and allied healthcare staffing segment during the nine months ended September 30, 2014.

Nurse and allied healthcare staffing segment cost of revenue decreased 5% to $358.0 million for the nine months ended September 30, 2014 from $376.2 million for the same period in 2013. The decrease was primarily attributable to a 6% decrease in the average number of clinicians on assignment during the nine months ended September 30, 2014, partially offset by a $0.7 million unfavorable actuarial-based increase in workers' compensation liability reserves recorded during the nine months ended September 30, 2014 as compared to a $1.6 million favorable actuarial-based workers' compensation benefit recorded during the same period last year.

Locum tenens staffing segment cost of revenue increased 2% to $155.1 million for the nine months ended September 30, 2014 from $152.0 million for the same period in 2013. The increase was primarily attributable to an increase in pay rates to the locum tenens providers, partially offset by a 2% decrease in the number of days filled during the nine months ended September 30, 2014.

Physician permanent placement services segment cost of revenue decreased 1% to $11.8 million for the nine months ended September 30, 2014 from $11.9 million for the same period in 2013 primarily due to a decrease in recruiter compensation during the nine months ended September 30, 2014.

Gross Profit. Gross profit increased 4% to $231.4 million for the nine months ended September 30, 2014 from $223.1 million for the same period in 2013, representing gross margins of 30.6% and 29.2%, respectively. The increase in consolidated gross margin was due to an increase in gross margin in all reportable segments. The nurse and allied healthcare staffing segment increase in gross margin was primarily due to higher bill to pay spreads during the nine months ended September 30, 2014 and the addition of the higher margin ShiftWise business we acquired in November 2013. The locum tenens staffing segment improvement was primarily due to higher bill to pay spreads during the nine months ended September 30, 2014. Gross margin by reportable segment for the nine months ended September 30, 2014 and 2013 was 28.9% and 27.4% for nurse and allied healthcare staffing, 29.5% and 28.8% for locum tenens staffing, and 63.8% and 62.6% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. SG&A expenses were $170.6 million, representing 22.5% of revenue, for the nine months ended September 30, 2014, as compared to $163.8 million, representing 21.5% of revenue, for the same period in 2013. The increase in SG&A expenses was due primarily to the addition of our ShiftWise business, which we did not own during the nine months ended September 30, 2013, and a $3.0 million gain on the holdback settlement in connection with the Medfinders acquisition during the nine months ended September 30, 2013, partially offset by a $2.7 million unfavorable actuarial-based increase in our professional liability reserves in our locum tenens staffing segment during the nine months ended September 30, 2013 and a $2.1 million favorable actuarial-based decrease in our professional liability reserves in our nurse and allied healthcare staffing and locum tenens staffing segments during the nine months ended September 30, 2014. SG&A expenses broken down among the reportable segments, unallocated corporate overhead and share-based compensation are as follows:

	(In Thousands) Nine Months Ended September 30,	
	2014	**2013**
Nurse and allied healthcare staffing	$ 82,325	$ 78,682
Locum tenens staffing	42,078	44,102
Physician permanent placement services	13,831	13,227
Unallocated corporate overhead	26,958	23,085
Share-based compensation	5,361	4,667
	$ 170,553	$ 163,763

Depreciation and Amortization Expenses. Amortization expense increased 19% to $5.7 million for the nine months ended September 30, 2014 from $4.8 million for the same period in 2013, primarily attributable to additional amortization expense related to the intangibles assets resulting from the ShiftWise acquisition in November 2013. Depreciation expense increased 24% to $6.2 million for the nine months ended September 30, 2014 from $5.0 million for the same period in 2013, primarily attributable to fixed assets acquired as part of the ShiftWise acquisition and an increase in purchased and developed hardware and software.

Interest Expense, Net, and Other. Interest expense, net, and other, was $7.9 million for the nine months ended September 30, 2014 as compared to $7.8 million for the same period in 2013. Interest expense for the nine months ended September 30, 2014 included a $3.1 million write-off of unamortized deferred financing fees and original issue discount in connection with the refinancing of our credit facilities. Excluding the impact of refinancing, the lower interest expense for the nine months ended September 30, 2014 as compared to the same period in 2013 was due to lower average debt outstanding balance and lower interest rate.

Income Tax Expense. Income tax expense was $17.7 million for the nine months ended September 30, 2014 as compared to income tax expense of $17.1 million for the same period in 2013, reflecting effective income tax rates of 43.2% and 41.0% for these periods, respectively. The difference in the effective income tax rate was primarily attributable to the relationship of pre-tax income to permanent differences related to unrecognized tax benefits. We currently estimate our annual effective income tax rate to be approximately 43.2% for 2014.

Liquidity and Capital Resources

In summary, our cash flows were:

	(In Thousands) Nine Months Ended September 30,	
	2014	**2013**
Net cash provided by operating activities	$ 22,639	$ 44,349
Net cash used in investing activities	(10,320)	(7,050)
Net cash used in financing activities	(18,265)	(11,308)

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facilities. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facilities. At September 30, 2014, $146.3 million of our Term Loan (as defined below) was outstanding with $216.8 million of available credit under the Revolver (as defined below).

We believe that cash generated from operations and available borrowings under the Revolver will be sufficient to fund our operations for the next 12 months and beyond. We intend to finance potential future acquisitions either with cash provided from operations, borrowing under the Revolver, 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

Net cash provided by operating activities for the nine months ended September 30, 2014 was $22.6 million, compared to $44.3 million for the same period in 2013. The decrease in net cash provided by operating activities was attributable to a variety of factors, including (1) an increase in accounts receivable and accounts receivable for subcontractors, (2) an unfavorable change in prepaid expenses and other current assets as well as accounts payable and accrued expenses between periods due to timing of payments, and (3) an increase in restricted cash, cash equivalents and investments attributable to cash payments made to our captive insurance entity, which are restricted for use by the captive for future claim payments and, to a lesser extent, its working capital needs. Our Days Sales Outstanding ("DSO") was 57 days at September 30, 2014, and 55 days and 52 days at December 31, 2013 and September 30, 2013, respectively.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2014 was $10.3 million, compared to $7.1 million for the same period in 2013. The change was primarily attributable to the increase in capital expenditures and the $5.0 million equity method investment we made during the nine months ended September 30, 2014, partially offset by the $11.1 million decrease in restricted cash, cash equivalents and investments balance resulting from the reduction of standby letters of credit. For both front office and back office operations, we intend to continue our investment in information technology initiatives, including PeopleSoft and Salesforce. We also intend to continue to develop and maintain proprietary technology in areas in which we can differentiate our service offerings for our innovative workforce solutions such as VMS.

Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2014 was $18.3 million, primarily due to (1) repayments of our debt, including both regularly scheduled payments and paying off our prior credit facilities, and (2) cash paid for shares withheld for payroll taxes resulting from the exercise of employee equity awards, partially offset by the borrowings under the New Credit Facilities (as defined below). Net cash used in financing activities during the nine months ended September 30, 2013 was $11.3 million, primarily due to payments under our then-existing term loan.

At September 30, 2014, there was no amount outstanding under the Revolver.

Refinancing of Credit Facilities

On April 18, 2014, we entered into a Credit Agreement (the “Credit Agreement”) with several lenders to provide for two credit facilities (the “New Credit Facilities”) to replace our prior credit facilities, including (A) a $225 million secured revolving credit facility (the “Revolver”) that includes a $40 million sublimit for the issuance of letters of credit and a $20 million sublimit for swingline loans and (B) a $150 million secured term loan credit facility (the “Term Loan”). For more detail regarding the terms of the Credit Agreement, please see “Item 1. Condensed Consolidated Financial Statements (unaudited) - Notes to Unaudited Condensed Consolidated Financial Statements - Note 8, Notes Payable and Related Credit Agreement,” which is incorporated herein by reference.

Letters of Credit

At September 30, 2014, we maintained outstanding standby letters of credit totaling $15.2 million as collateral in relation to our professional liability insurance agreements, workers’ compensation insurance agreements, and a corporate office lease agreement. Of the $15.2 million of outstanding letters of credit, we have collateralized $7.0 million in cash, cash equivalents and investments and the remaining amounts are collateralized by our Revolver. Outstanding standby letters of credit at December 31, 2013 totaled $27.7 million.

Off-Balance Sheet Arrangements

At September 30, 2014, we did not have any off-balance sheet arrangement that has or is reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Contractual Obligations

During the nine months ended September 30, 2014, we entered into the New Credit Agreement. In addition, during such period, we entered into a third amendment (the “Third Amendment”) to our office lease (as amended to date, the “Lease”) with Kilroy Realty, L.P. for our corporate headquarters in San Diego. Among other things, the Third Amendment extended the term under the Lease nine additional years from its original termination date of August 1, 2018 through July 31, 2027 and also reduced the rental payment from January 1, 2015 through the original termination date in 2018.

We have set forth in the table below the applicable revised line items to the table set forth under the caption entitled “Contractual Obligations” in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2013 Annual Report solely to reflect the impact to such line items in the Contractual Obligations table of (1) the amortization and interest rate changes from our New Credit Facilities, which replaced our prior credit facilities; and (2) our entry into the Third Amendment.

	Three Months Ending December 31, 2014	Fiscal Year					
		2015	2016	2017	2018	Thereafter	Total
Notes payable (1)	$2,575	$10,189	$10,047	$9,904	$9,762	$115,087	$157,564
Operating lease obligations (2)	3,977	10,542	9,491	9,044	8,667	87,893	129,614
Total contractual obligations	$6,552	$20,731	$19,538	$18,948	$18,429	$202,980	$287,178

(1) Amounts represent contractual amounts due under the Term Loan and Revolver, including interest calculated based on the rate in effect at September 30, 2014.
(2) Amounts represent minimum contractual amounts, with initial or remaining lease terms in excess of one year. We have assumed no escalations in rent or changes in variable expenses other than as stipulated in lease contracts.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued new accounting guidance related to revenue recognition. This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. This guidance will be effective for us beginning January 1, 2017 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. We are evaluating the impact of adopting this new accounting standard on our consolidated financial statements.

There have been no other new accounting pronouncements issued but not yet adopted that are expected to materially affect our consolidated financial condition or results of operations.

Special Note Regarding Forward-Looking Statements

This Quarterly Report 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 expectations, estimates, forecasts and projections about future events and about the industry in which we operate. Forward-looking statements are identified by words such as “believe,” “anticipate,” “expect,” “intend,” “plan,” “will,” “should,” “would,” “project,” “may,” variations of such words and other similar expressions. In addition, any statements that refer to projections of financial items, anticipated growth, future growth and revenues, future economic conditions and performance, plans, objectives and strategies for future operations, expectations, or other characterizations of future events or circumstances are forward-looking statements. All forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Factors that could cause actual results to differ materially from those implied by the forward-looking statements in this Quarterly Report are set forth in our 2013 Annual Report and include but are not limited to:

- the effects of economic downturns or slow recoveries, which could result in less demand for our services;
- any inability on our part to maintain and secure new clients because we generally do not have long-term or guaranteed contracts;
- the level of consolidation and concentration of buyers of healthcare workforce solutions and staffing services, which could affect the pricing of our services and our ability to mitigate risk;
- any inability on our part to quickly respond to changing marketplace conditions, such as alternative modes of healthcare delivery, reimbursement or client needs;
- the ability of our clients to retain and increase the productivity of their permanent staff, or their ability to increase the efficiency and effectiveness of their internal recruiting efforts, through online recruiting or otherwise, which may negatively affect the demand for our services;
- our ability to grow and operate our business profitably in compliance with employment laws and other legislation, laws and regulations that may directly or indirectly affect us, such as Medicare certification and reimbursement, professional licensure, government contracting requirements, the Patient Protection and Affordable Care Act and other state or federal healthcare reform legislation;
- the challenge to the classification of certain of our healthcare professionals as independent contractors;
- the effect of medical malpractice, employment and wage regulation and other claims asserted against us, which could subject us to substantial liabilities;
- any inability on our part to implement new infrastructure and technology systems effectively;
- the effect of technology disruptions and obsolescence, which may negatively affect our business operations;
- any inability on our part to recruit and retain sufficient quality clinicians and physicians at reasonable costs;
- any inability on our part to properly screen and match clinicians and physicians with suitable placements;

- any inability on our part to successfully attract and retain a sufficient number of quality sales and operational personnel;
- the loss of our key officers and management personnel;
- any inability on our part to maintain at reasonable costs the positive brand identities we have developed and acquired;
- any recognition by us of an impairment to goodwill or indefinite lived intangibles;
- the effect of adverse adjustments by us to accruals for self-insured retentions and unrecognized tax benefits, which could decrease our earnings or increase our losses, as the case may be, or negatively affect our cash flow; and
- our level of indebtedness and any inability on our part to generate sufficient cash flow to service our debt.

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. During the nine months ended September 30, 2014, our primary exposure to market risk was interest rate risk associated with our variable interest debt instruments. A 100 basis point increase in interest rates on our variable rate debt would not have resulted in a material effect on our unaudited condensed consolidated financial statements for the nine months ended September 30, 2014.

Item 4. *Controls and Procedures*

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2014 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 the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. *Legal Proceedings*

None.

Item 1A. *Risk Factors*

We do not believe that there have been any material changes to the risk factors disclosed in Part I, Item 1A of our 2013 Annual Report.

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

None.

Item 3. *Defaults Upon Senior Securities*

None.

Item 4. *Mine Safety Disclosures*

Not applicable.

Item 5. *Other Information*

None.

Item 6. *Exhibits*

Exhibit Number	Description
31.1	Certification by Susan R. Salka pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
31.2	Certification by Brian M. Scott pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.*
32.1	Certification by Susan R. Salka 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 Brian M. Scott pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

---

* Filed herewith.

SIGNATURES

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

Date: November 6, 2014

AMN HEALTHCARE SERVICES, INC.

/S/ SUSAN R. SALKA

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

Date: November 6, 2014

/S/ BRIAN M. SCOTT

Brian M. Scott
Chief Accounting Officer,
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)

Exhibit 31.1

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

I, Susan R. Salka, certify that:

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

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

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

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

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

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

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

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

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

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

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

/S/ SUSAN R. SALKA

Susan R. Salka
Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2014

Exhibit 31.2

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

I, Brian M. Scott, certify that:

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

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

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

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

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

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

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

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

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

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

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

/s/ Brian M. Scott

Brian M. Scott
Chief Accounting Officer,
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)

Date: November 6, 2014

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 Annual Report of AMN Healthcare Services, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Susan R. Salka, President and Chief Executive 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.

/s/ Susan R. Salka

Susan R. Salka
Director, President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2014

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 Annual Report of AMN Healthcare Services, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian M. Scott, Chief Accounting Officer, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Brian M. Scott

Brian M. Scott
Chief Accounting Officer,
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)

Date: November 6, 2014