

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2013

Or

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

(State or Other Jurisdiction of
Incorporation or Organization)

12400 High Bluff Drive, Suite 100
San Diego, California

(Address of principal executive offices)

06-1500476

(I.R.S. Employer
Identification No.)

92130

(Zip Code)

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See 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 Accelerated filer Non-accelerated filer Smaller reporting company

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

As of May 1, 2013, there were 46,038,142 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, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,939	\$ 5,681
Accounts receivable, net of allowances of \$4,509 and \$5,003 at March 31, 2013 and December 31, 2012, respectively	156,750	142,510
Accounts receivable, subcontractor	19,332	18,467
Deferred income taxes, net	17,794	18,123
Prepaid and other current assets	21,399	18,963
Total current assets	217,214	203,744
Restricted cash, cash equivalents and investments	18,801	18,861
Fixed assets, net	15,336	14,815
Deposits and other assets	21,186	19,732
Goodwill	123,324	123,324
Intangible assets, net	135,304	136,910
Total assets	<u>\$ 531,165</u>	<u>\$ 517,386</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 56,721	\$ 52,619
Accrued compensation and benefits	49,393	49,443
Revolving credit facility	1,000	—
Other current liabilities	7,056	7,463
Total current liabilities	114,170	109,525
Notes payable, less current portion and discount	158,246	158,178
Other long-term liabilities	67,279	67,572
Total liabilities	339,695	335,275
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 10,000 shares authorized (including 5,941 shares of series A conditional convertible preferred stock); none issued and outstanding at March 31, 2013 and December 31, 2012	—	—
Common stock, \$0.01 par value; 200,000 shares authorized; 45,960 and 45,691 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	460	457
Additional paid-in capital	425,992	424,292
Accumulated deficit	(234,632)	(242,195)
Accumulated other comprehensive loss	(350)	(443)
Total stockholders' equity	191,470	182,111
Total liabilities and stockholders' equity	<u>\$ 531,165</u>	<u>\$ 517,386</u>

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)

	Years Ended Three Months Ended March 31,	
	2013	2012
Revenue	\$ 252,120	\$ 226,412
Cost of revenue	179,113	163,198
Gross profit	73,007	63,214
Operating expenses:		
Selling, general and administrative	53,607	47,176
Depreciation and amortization	3,290	3,695
Total operating expenses	56,897	50,871
Income from operations	16,110	12,343
Interest expense, net	2,859	5,533
Income from continuing operations before income taxes	13,251	6,810
Income tax expense	5,688	3,357
Income from continuing operations	7,563	3,453
Income from discontinued operations, net of tax	—	823
Net income	\$ 7,563	\$ 4,276
Basic income per common share from:		
Continuing operations	\$ 0.17	\$ 0.07
Discontinued operations	—	0.02
Net income	\$ 0.17	\$ 0.09
Diluted income per common share from:		
Continuing operations	\$ 0.16	\$ 0.07
Discontinued operations	—	0.02
Net income	\$ 0.16	\$ 0.09
Weighted average common shares outstanding:		
Basic	45,813	40,576
Diluted	47,679	46,164
Other comprehensive income (loss) - foreign currency translation	93	(43)
Comprehensive income	\$ 7,656	\$ 4,233

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 Three Months Ended March 31, 2013
 (Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount				
Balance, December 31, 2012	45,691	\$ 457	\$ 424,292	\$ (242,195)	\$ (443)	\$ 182,111
Equity awards vested and issued and exercised	269	3	(695)	—	—	(692)
Income tax benefit from equity awards vested and issued and exercised	—	—	693	—	—	693
Stock-based compensation	—	—	1,702	—	—	1,702
Comprehensive income				7,563	93	7,656
Balance, March 31, 2013	45,960	\$ 460	\$ 425,992	\$ (234,632)	\$ (350)	\$ 191,470

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Years Ended Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 7,563	\$ 4,276
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,290	3,695
Non-cash interest expense	295	1,152
Increase in allowances for doubtful accounts and sales credits	1,102	2,006
Provision for deferred income taxes	1,023	3,060
Stock-based compensation	1,702	1,432
Excess tax benefits from share-based compensation	(704)	(6)
Gain on sale of discontinued operations	—	(1,187)
Loss on disposal or sale of fixed assets	8	—
Changes in assets and liabilities, net of effects from divestiture:		
Accounts receivable, net	(15,342)	3,033
Accounts receivable, subcontractor	(865)	(843)
Prepaid expenses and other current assets	(2,436)	(5,267)
Deposits and other assets	(1,608)	(1,377)
Accounts payable and accrued expenses	4,102	1,608
Accrued compensation and benefits	(50)	68
Other liabilities	(779)	(2,097)
Net cash (used in) provided by operating activities	(2,699)	9,553
Cash flows from investing activities:		
Purchase and development of fixed assets	(2,215)	(1,001)
Proceeds from sales of assets held for sale	—	8,350
Change in restricted cash, cash equivalents and investments balance	60	3
Net cash (used in) provided by investing activities	(2,155)	7,352
Cash flows from financing activities:		
Capital lease repayments	(158)	(168)
Proceeds from revolving credit facility	1,000	—
Payments on revolving credit facility	—	(3,000)
Payments on notes payable	—	(9,815)
Proceeds from exercise of equity awards	711	—
Cash paid for shares withheld for taxes	(1,403)	(656)
Excess tax benefits from share-based compensation	704	6
Change in bank overdraft	165	(2,290)
Net cash provided by (used in) financing activities	1,019	(15,923)
Effect of exchange rate changes on cash	93	(43)
Net (decrease) increase in cash and cash equivalents	(3,742)	939
Cash and cash equivalents at beginning of year	5,681	3,962
Cash and cash equivalents at end of year	\$ 1,939	\$ 4,901
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of \$24 and \$9 capitalized for the three months ended March 31, 2013 and 2012, respectively)	\$ 2,399	\$ 4,520
Cash paid for income taxes	\$ 4,876	\$ 116

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, stockholders' equity 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 only of normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year 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, 2012, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed with the Securities and Exchange Commission ("SEC") on February 22, 2013.

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.

Certain amounts in the unaudited condensed consolidated financial statements for the three months ended March 31, 2012 have been reclassified to conform to the three months ended March 31, 2013 presentation.

Recently Adopted Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board issued an accounting standard update intended to simplify how an entity tests indefinite-lived intangible assets other than goodwill for impairment by providing entities with an option to perform a qualitative assessment to determine whether further impairment testing is necessary. This accounting standard update is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company adopted this guidance effective January 1, 2013 and such adoption did not have a material effect on its unaudited condensed consolidated financial statements.

2. DISCONTINUED OPERATIONS

In January 2012, the Company completed the sale of its home healthcare services segment and the related results of operations have been classified as discontinued operations for the three months ended March 31, 2012. The following table represents the revenue and the components of discontinued operations, net of tax:

	Three months ended March 31, 2012	
Revenue	\$	3,885
Loss before income taxes		(547)
Income tax benefit		183
Loss from discontinued operations		(364)
Gain on sale of discontinued operations, before income taxes		3,825
Income tax expense		(2,638)
Gain on sale of discontinued operations		1,187
Total income from discontinued operations	\$	823

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 \$19,882 and \$18,129, respectively, were included in accounts payable and accrued expenses in the unaudited condensed consolidated balance sheet as of March 31, 2013 and consolidated balance sheet as of December 31, 2012.

4. NET INCOME PER COMMON SHARE

Securities that are entitled to participate in dividends with common stock, such as the Company's Series A Conditional Convertible Preferred Stock (the "Preferred Stock"), are considered to be participating securities and the two-class method is used for purposes of calculating basic net income per share. Under the two-class method, a portion of net income is allocated to these participating securities and excluded from the calculation of basic net income per common share. On December 21, 2012, all outstanding shares of Preferred Stock were converted into shares of common stock. Diluted net income per common share reflects the effects of potentially dilutive stock-based equity instruments and common stock issuable upon conversion of the Preferred Stock.

Stock-based awards to purchase 308 and 2,078 shares of common stock for the three months ended March 31, 2013 and 2012, respectively, were not included in the calculation of diluted net income per common share because the effect of these instruments was anti-dilutive.

The following table sets forth the computation of basic and diluted net income per common share for the three months ended March 31, 2013 and 2012, respectively:

	Three Months Ended March 31,	
	2013	2012
Income from continuing operations	\$ 7,563	\$ 3,453
Income from discontinued operations, net of tax	—	823
Net income	<u>\$ 7,563</u>	<u>\$ 4,276</u>
Less: Allocation to participating securities - from continuing operations	—	(362)
Allocation to participating securities - from discontinued operations	—	(86)
Total allocation to participating securities	—	(448)
Net income attributable to common stockholders - basic	<u>\$ 7,563</u>	<u>\$ 3,828</u>
Basic income per common share from:		
Continuing operations	\$ 0.17	\$ 0.07
Discontinued operations	—	0.02
Net income	<u>\$ 0.17</u>	<u>\$ 0.09</u>
Diluted income per common share from:		
Continuing operations	\$ 0.16	\$ 0.07
Discontinued operations	—	0.02
Net income	<u>\$ 0.16</u>	<u>\$ 0.09</u>
Weighted average common shares outstanding—basic	45,813	40,576
Plus dilutive effect of potential common shares	1,866	5,588
Weighted average common shares outstanding—diluted	<u>47,679</u>	<u>46,164</u>

5. SEGMENT INFORMATION

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

The Company's management relies on internal management reporting processes that provide revenue and segment operating income for making financial decisions and allocating resources. Segment operating income includes income from continuing operations before depreciation, amortization of intangible assets, stock-based compensation expense and other 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 segment 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 March 31,	
	2013	2012
Revenue		
Nurse and allied healthcare staffing	\$ 176,765	\$ 153,886
Locum tenens staffing	65,456	63,509
Physician permanent placement services	9,899	9,017
	<u>\$ 252,120</u>	<u>\$ 226,412</u>
Segment Operating Income		
Nurse and allied healthcare staffing	\$ 22,474	\$ 17,077
Locum tenens staffing	4,892	4,416
Physician permanent placement services	2,241	1,706
	29,607	23,199
Unallocated corporate overhead	8,505	5,732
Depreciation and amortization	3,290	3,695
Stock-based compensation	1,702	1,429
Interest expense, net	2,859	5,533
Income from continuing operations before income taxes	<u>\$ 13,251</u>	<u>\$ 6,810</u>

6. FAIR VALUE MEASUREMENT

The authoritative guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

Financial assets and liabilities

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As of March 31, 2013 and December 31, 2012, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included the restricted cash equivalents and investments and the Company's investments associated with its deferred compensation plan. The Company's restricted cash equivalents and investments typically consist of U.S. Treasury securities, and the fair value is based on quoted prices in active markets for identical assets. The Company's investments associated with its deferred compensation plan typically consist of money market funds and mutual funds that are publicly traded and for which market prices are readily available.

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

	Fair Value Measurements as of March 31, 2013			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 18,166	\$ 18,166	\$ —	\$ —
Trading securities investment	—	—	—	—
Total financial assets measured at fair value	\$ 18,166	\$ 18,166	\$ —	\$ —

	Fair Value Measurements as of December 31, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	\$ 18,298	\$ 18,298	\$ —	\$ —
Trading securities investment	42	42	—	—
Total financial assets measured at fair value	\$ 18,340	\$ 18,340	\$ —	\$ —

Non-financial assets and liabilities

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to goodwill and indefinite-lived intangible assets accounted for pursuant to accounting guidance on goodwill and other intangible assets.

The Company evaluates goodwill at the reporting unit level and indefinite-lived intangible assets annually for impairment and whenever circumstances occur indicating that goodwill might be impaired. The Company determines the fair value of its reporting units based on a combination of inputs including the market capitalization of the Company as well as Level 3 inputs such as discounted cash flows, which are not observable from the market, directly or indirectly. The Company determined the fair value of its indefinite-lived intangible assets using the income approach (relief-from-royalty method) based on Level 3 inputs.

The Company performed the annual impairment testing at October 31, 2012, and determined there was no impairment of goodwill. No events have occurred subsequent to October 31, 2012 that indicate impairment may have occurred. The Company did not have any significant non-financial assets or liabilities measured at fair value on December 31, 2012 and March 31, 2013.

7. INCOME TAXES

The Company currently estimates its annual effective income tax rate be approximately 42.3% (expense) for 2013, as compared to the 40.3% effective income tax rate from continuing operations in 2012. The difference in effective tax rates for 2012 and the forecasted rate for 2013 is primarily due to the relationship of pre-tax income to permanent differences.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Significant differences between pre-tax income and taxable income for recent years are related to goodwill impairment and other permanent differences. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

The Company is subject to taxation in the U.S. and various states and foreign jurisdictions. With few exceptions, as of March 31, 2013, the Company is no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2005. The Company is currently under audit by the Internal Revenue Service (“IRS”) for the years 2007, 2008, 2009 and 2010. Carryforward attributes that were generated prior to 2007 may still be adjusted upon examination by the IRS or

state authorities if they either have been or will be utilized in a future period. The IRS has substantially completed its exam and the Company has received three final Notices of Proposed Adjustment (“NOPA”). The Company does not anticipate the receipt of any additional NOPAs related to income and non-income tax issues related to the current exam. Based upon its analysis of the NOPA information received, the Company continues to believe its reserve for unrecognized tax benefits and contingent tax issues is adequate and intends to vigorously contest all proposals set forth in the NOPA’s. The Company does not foresee material changes to its gross uncertain tax liability within the next twelve months.

8. COMMITMENTS AND CONTINGENCIES: 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. The most significant matter of which the Company is currently the defendant is a class action related to wage and hour claims for which the Company has accrued an immaterial amount for potential losses at March 31, 2013. The ability to predict the ultimate outcome of such matters involves judgments, estimates and inherent uncertainties. The range of reasonably possible losses for such matters cannot be estimated at this stage and could differ materially from amounts already accrued by the Company. Management is currently not aware of any other pending or threatened litigation that it believes is reasonably possible to have a material adverse effect on the Company’s results of operations, financial position or liquidity.

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. From time to time, and depending upon the particular facts and circumstances, the Company may be subject to indemnification obligations under its contracts with such clients relating to these matters.

9. SUBSEQUENT EVENTS

In April 2012, the Company entered into a Credit Agreement that provides two credit facilities (the “Credit Facilities”), including (A) a \$50,000 revolving credit facility (the “Revolver”) and (B) a \$200,000 face value secured term loan credit facility, net of unamortized original issue discount of \$2,000 (the “Term Loan”). The Company entered into the First Amendment to the Credit Agreement (the “First Amendment”) with the lenders under the Credit Facilities, which went into effect on April 9, 2013.

Among other things, the First Amendment amends the Credit Agreement as follows:

- **Reduction in the Interest Rate on the Revolver.** Under the original Credit Agreement, borrowings under the Revolver bore interest at floating rates based upon either a LIBOR or a base rate option selected by the Company, plus a spread of 3.75% to 4.25% (the “LIBOR Loan Spread”) and 2.75% to 3.25% (the “Base Rate Loan Spread”), respectively, in each case, as specifically determined quarterly based upon the Company’s then-existing consolidated leverage ratio (as defined in the Credit Agreement). The First Amendment reduces each of the Revolver LIBOR Loan Spread and the Revolver Base Rate Loan Spread by 150 basis points, to 2.25% to 2.75% and 1.25% to 1.75%, respectively.
- **Reduction in the Interest Rate on the Term Loan.** Under the original Credit Agreement, borrowings under the Term Loan bore interest at floating rates based upon either a LIBOR (with a floor of 1.25%) or a base rate option selected by the Company, plus a LIBOR Loan Spread of 4.50% to 4.75% and a Base Rate Loan Spread of 3.50% to 3.75%, respectively, in each case, as specifically determined quarterly based upon the Company’s then-existing consolidated leverage ratio. The First Amendment reduces each of the Term Loan LIBOR Loan Spread and the Term Loan Base Rate Loan Spread by 150 to 175 basis points (depending on the original Credit Agreement Consolidated Leverage Ratio step) to 3.00% and 2.00%, respectively. It also reduces the LIBOR floor by 50 basis points, from 1.25% to 0.75%.
- **Increased Sublimit for the Issuance of Letter of Credit.** The original Credit Agreement provided for a \$20,000 sublimit for the issuance of letters of credit under the Revolver. The First Amendment increases the sublimit to \$30,000.

In connection with the First Amendment, the Company incurred approximately \$935 in deferred financing fees, of which \$364 will be capitalized and amortized to interest expense over the remaining term of the Credit Agreement and the remaining amount will be recorded as interest expense in April 2013. In addition, the Company expects to write off to interest expense \$434 of unamortized deferred financing fees and original issue discount in April 2013 resulting from the First Amendment.

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 fiscal year ended December 31, 2012, filed with the SEC on February 22, 2013 ("2012 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, recruitment process outsourcing, 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 program enables healthcare organizations to increase their efficiency by managing all of their clinical supplemental workforce needs through one company.

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 March 31, 2013, we recorded revenue of \$252.1 million, as compared to \$226.4 million for the same period last year. We recorded net income of \$7.6 million, as compared to \$4.3 million for the same period last year.

Nurse and allied healthcare staffing segment revenue comprised 70% and 68% of total consolidated revenue for the three months ended March 31, 2013 and 2012, 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 needs of a client; (2) traditional clinical staffing solutions of variable assignment lengths; and (3) 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 26% and 28% of total consolidated revenue for the three months ended March 31, 2013 and 2012, respectively. Through our locum tenens staffing segment, we place physicians of all specialties, as well as dentists, certified registered nurse anesthetists, physician assistants and nurse practitioners, with clients on a temporary basis as independent contractors. These locum tenens physicians and clinicians 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, medical groups, occupational medical clinics, individual practitioners, networks, psychiatric facilities, government institutions and managed care entities. The professionals we place are recruited nationwide and are typically placed on multi-week contracts with assignment lengths ranging from a few days up to one year. We also provide a comprehensive managed services solution in which we manage all of the locum tenens needs of a client.

Physician permanent placement services segment revenue comprised 4% of total consolidated revenue for both the three months ended March 31, 2013 and 2012. 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, clinicians and physicians. To accomplish this, we have broadened our service offerings beyond our traditional core 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 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 candidate quality enhancements. We continually seek strategic opportunities to expand into complementary service offerings that leverage our core capabilities of recruiting and credentialing clinicians and physicians, while providing a more recurring stream of revenues 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

Demand has rebounded in the travel nurse business from its low point in 2009, but still remains well below levels experienced in 2007 through 2008. After increasing throughout 2012 and into the first couple of months of 2013, demand began declining at the end of the first quarter and into the beginning of the second quarter. Although overall demand is down, similar to the prior year, orders are spread across a broad base of clients and geographies. We continue to see clients migrate to managed services program relationships, and during the first quarter of 2013, revenue from these contracts represented approximately one-third of our nurse and allied healthcare staffing business, a substantial increase from 1% in 2008. As a result of these managed services relationships, we have an improved ability to fill more of the demand and create operational efficiencies.

Within the allied staffing business, demand was strong in our therapy business throughout the first three quarters of 2012. Since the fourth quarter of 2012, however, we are experiencing a significant reduction in therapy demand due to a variety of legislative changes in Medicare reimbursement. Our managed services program clients as well as our ability to shift our sales resources to other specialties have mitigated the financial impact of the reduced demand.

In our locum tenens staffing segment, we are seeing strong market demand in our primary care, hospitalist, emergency medicine, and advance practice mid level specialties, but continue to experience weaker demand in the anesthesia and radiology specialties. We are achieving improved bill rates but our bill to pay spreads have recently incurred slight pressure as pay rates have risen at an increased pace. Our volume and fill rates are increasing but we continue to lag market growth rates.

Throughout 2012 and in the first quarter of 2013, we saw increased demand for our services within our physician permanent placement services segment. We have also seen an increase in our recruiter productivity completing those searches, which has translated into revenue growth.

Critical Accounting Policies and Estimates

Our critical accounting principles and estimates remain consistent with those reported in our 2012 Annual Report.

Results of Operations

The following table sets forth, for the periods indicated, selected unaudited condensed statements of income 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 March 31,	
	2013	2012
Unaudited Condensed Consolidated Statements of Income:		
Revenue	100.0%	100.0%
Cost of revenue	71.0	72.1
Gross profit	29.0	27.9
Selling, general and administrative	21.3	20.8
Depreciation and amortization	1.3	1.6
Income from operations	6.4	5.5
Interest expense, net	1.1	2.5
Income from continuing operations before income taxes	5.3	3.0
Income tax expense	2.3	1.5
Income from continuing operations	3.0	1.5
Income from discontinued operations, net of tax	—	0.4
Net income	3.0%	1.9%

Comparison of Results for the Three Months Ended March 31, 2013 to the Three Months Ended March 31, 2012

Revenue. Revenue increased 11% to \$252.1 million for the three months ended March 31, 2013 from \$226.4 million for the same period in 2012, primarily due to higher revenue in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment revenue increased 15% to \$176.8 million for the three months ended March 31, 2013 from \$153.9 million for the same period in 2012. The increase was primarily attributable to a 14% increase in the average number of clinicians on assignment, which was partially driven by the increased volume of electronic medical record engagements during the quarter, with the remainder of the increase due primarily to a combination of an increase in bill rates and mix shift to higher bill rate specialties during the three months ended March 31, 2013.

Locum tenens staffing segment revenue increased 3% to \$65.5 million for the three months ended March 31, 2013 from \$63.5 million for the same period in 2012. The increase was primarily attributable to an increase in the average bill rate across most specialties during the three months ended March 31, 2013.

Physician permanent placement services segment revenue increased 10% to \$9.9 million for the three months ended March 31, 2013 from \$9.0 million for the same period in 2012. The increase was primarily due to the increase in active searches and placements during the three months ended March 31, 2013.

Cost of Revenue. Cost of revenue increased 10% to \$179.1 million for the three months ended March 31, 2013 from \$163.2 million for the same period in 2012. The increase was primarily due to an increase in the average number of clinicians on assignment in the nurse and allied healthcare staffing segment, partially offset by a \$1.2 million actuarial-based workers compensation benefit recorded in the nurse and allied healthcare staffing segment during the three months ended March 31, 2013.

Nurse and allied healthcare staffing segment cost of revenue increased 13% to \$128.2 million for the three months ended March 31, 2013 from \$113.3 million for the same period in 2012. The increase was primarily attributable to a 14% increase in the average number of clinicians on assignment for the three months ended March 31, 2013.

Locum tenens staffing segment cost of revenue increased 2% to \$47.2 million for the three months ended March 31, 2013 from \$46.3 million for the same period in 2012. The increase was primarily attributable to the increase in pay rates to the locum tenens providers.

Physician permanent placement services segment cost of revenue increased slightly to \$3.7 million for the three months ended March 31, 2013 from \$3.6 million for the same period in 2012 primarily due to increases in recruiter compensation.

Gross Profit. Gross profit increased 15% to \$73.0 million for the three months ended March 31, 2013 from \$63.2 million for the same period in 2012, representing gross margins of 29.0% and 27.9%, respectively. The increase in gross margin was primarily due to an increase in gross margin in the locum tenens staffing segment resulting from higher bill to pay spreads and a \$1.2 million actuarial-based workers compensation benefit recorded in the nurse and allied healthcare staffing segment during the three months ended March 31, 2013. Gross margin by reportable segment for the three months ended March 31,

2013 and 2012 was 27.5% and 26.4% for nurse and allied healthcare staffing, 27.9% and 27.1% for locum tenens staffing, 62.6% and 59.5% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative (“SG&A”) expenses were \$53.6 million, representing 21.3% of revenue, for the three months ended March 31, 2013, as compared to \$47.2 million, representing 20.8% of revenue, for the same period in 2012. The increase in SG&A expenses was due primarily to increased employee headcount, sales commissions and other costs related to supporting growth in the business and a \$2.0 million refund received from the California Employment Development Department during the three months ended March 31, 2012 in connection with the settlement of a prior period assessment. The increases were partially offset by improved operating leverage during the three months ended March 31, 2013. SG&A expenses broken down among the reportable segments, unallocated corporate overhead and stock-based compensation are as follows:

	(In Thousands) Three Months Ended March 31,	
	2013	2012
Nurse and allied healthcare staffing	\$ 26,076	\$ 23,533
Locum tenens staffing	13,370	12,827
Physician permanent placement services	3,954	3,655
Unallocated corporate overhead	8,505	5,732
Stock-based compensation	1,702	1,429
	\$ 53,607	\$ 47,176

Depreciation and Amortization Expenses. Amortization expense decreased 11% to \$1.6 million for the three months ended March 31, 2013 from \$1.8 million for the same period in 2012, with the decrease primarily attributable to having more intangible assets fully amortized during the three months ended March 31, 2013. Depreciation expense decreased 11% to \$1.7 million for the three months ended March 31, 2013 from \$1.9 million for the same period in 2012, with the decrease primarily attributable to having more fixed assets fully depreciated during the three months ended March 31, 2013.

Interest Expense, Net. Interest expense, net, was \$2.9 million for the three months ended March 31, 2013 as compared to \$5.5 million for the same period in 2012. The decrease was primarily attributable to a lower average debt outstanding balance and lower interest rate for the three months ended March 31, 2013.

Income Tax Expense. We recorded an income tax expense of \$5.7 million for the three months ended March 31, 2013 as compared to \$3.4 million from continuing operations for the same period in 2012, reflecting effective income tax rates of 42.9% and 49.3% 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. We currently estimate our annual effective income tax rate to be approximately 42.3% (expense) for 2013. See additional information in “Item 1. Condensed Consolidated Financial Statements (Unaudited)—Notes to Unaudited Condensed Consolidated Financial Statements—Note 7, Income Taxes.”

Income From Discontinued Operations. We completed the sale of our home healthcare services segment in January 2012 and recorded its result of operations as discontinued operations for the three months ended March 31, 2012. For the three months ended March 31, 2012, income from discontinued operations of \$0.8 million was comprised of a \$1.2 million gain on sale, net of tax, and a \$0.4 million loss from discontinued operations, net of tax. See additional information in “Item 1. Condensed Consolidated Financial Statements (Unaudited)—Notes to Unaudited Condensed Consolidated Financial Statements—Note 2, Discontinued Operations.”

Liquidity and Capital Resources

In summary, our cash flows were:

	(In Thousands) Three Months Ended March 31,	
	2013	2012
Net cash (used in) provided by operating activities	\$ (2,699)	\$ 9,553
Net cash (used in) provided by investing activities	(2,155)	7,352
Net cash provided by (used in) financing activities	1,019	(15,923)

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 March 31, 2013, there were \$158.2 million of Term Loan, net of discount, and \$1.0 million under the Revolver outstanding under our Credit Facilities with \$35.4 million of available credit under the Revolver.

We believe that cash generated from operations and available borrowings under our 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 our 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 used in operations for three months ended March 31, 2013 was \$2.7 million, compared to \$9.6 million net cash provided by operations for the same period in 2012. During the three months ended March 31, 2013, we made \$4.9 million in tax payments primarily related to first quarter 2013 estimated income tax due. In addition, our cash collections were impacted by the increased volume of electronic medical record project staffing activity in the quarter which typically has a slower payment cycle, and higher revenue later in the quarter which will be collected during the second quarter. Our Days Sales Outstanding (“DSO”) was 56 days at March 31, 2013. DSO was 53 days and 57 days at December 31, 2012 and March 31, 2012, respectively.

Investing Activities

Net cash used in investing activities for three months ended March 31, 2013 was \$2.2 million, compared to net cash proceeds provided in the amount of \$7.4 million for the same period in 2012. The change was primarily related to the proceeds from the sale of our home healthcare services segment during the three months ended March 31, 2012.

Financing Activities

Net cash provided by financing activities during the three months ended March 31, 2013 was \$1.0 million. Net cash used in financing activities during the three months ended March 31, 2012 was \$15.9 million, primarily due to paying down our then-existing debt during the period.

Credit Agreement

Our Credit Agreement provides our two “Credit Facilities,” which include (A) the Revolver and (B) the Term Loan. The Credit Agreement provides that we may from time to time obtain an increase in the Revolver or the Term Loan in an aggregate principal amount not to exceed \$75 million (with a \$37.5 million sublimit for the Revolver) subject to, among other conditions, the arrangement of additional commitments with financial institutions reasonably acceptable to us and the administrative agent. The Revolver is available to us for working capital, capital expenditures, permitted acquisitions and general corporate purposes. The maturity dates of the Revolver and the Term Loan are April 5, 2017 and April 5, 2018, respectively. At March 31, 2013, the aggregate outstanding principal amount of the Term Loan (including both the current and long-term portions), net of discount, was \$158.2 million.

The Revolver carries an unused fee of 0.5% per annum. There are no mandatory reductions associated with the Revolver. At March 31, 2013, there was \$1.0 million outstanding under the Revolver. At December 31, 2012, there was no amount outstanding under the Revolver.

The Term Loan is subject to amortization of principal of 1.00% per year of the original Term Loan amount, payable in equal quarterly installments. The voluntary prepayments we made during 2012 satisfied all scheduled quarterly principal amortization payments due under the Credit Facilities through the remaining term of the Credit Agreement.

The Credit Agreement contains various customary affirmative and negative covenants, including restrictions on assumption of additional indebtedness, declaration of dividends, dispositions of assets, consolidation into another entity, capital expenditures in excess of specified amounts and allowable investments. It also contains financial covenants that require us (1) not to exceed a certain maximum consolidated leverage ratio and (2) to maintain a minimum consolidated interest coverage ratio. We were in compliance with these requirements as of March 31, 2013.

We entered into the First Amendment, which became effective on April 9, 2013. For more detail regarding the terms of the First Amendment, please see “Item 1. Condensed Consolidated Financial Statements (Unaudited)—Notes to Unaudited Condensed Consolidated Financial Statements—Note 9, Subsequent Events.”

Letters of Credit

At March 31, 2013, we maintained outstanding standby letters of credit totaling \$31.7 million as collateral in relation to our professional liability insurance agreements, workers compensation insurance agreements, and a corporate office lease agreement. Of the \$31.7 million outstanding letters of credit, we have cash collateralized \$18.2 million and the remaining amounts are collateralized by the Revolver. Outstanding standby letters of credit at December 31, 2012 totaled \$31.9 million.

Off-Balance Sheet and Other Financing Arrangements

At March 31, 2013, we did not have any material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance, variable interest or special purpose, which would have been established for the purpose of facilitating off-balance-sheet arrangements or other contractually narrow or limited purposes. In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships. We do not have any material relationships or transactions with persons or entities that derive benefits from their non-independent relationship with us or our related parties.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and staffing needs of our clients and due to the seasonal preferences for destinations of our clinicians and physicians, revenue, earnings and the number of clinicians and physicians on assignment are subject to moderate seasonal fluctuations.

Recent Accounting Pronouncements

There have been no 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 2012 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 our clients and secure new ones and to fill new and profitable orders and searches for our clients;

- the level of consolidation and concentration of buyers of healthcare 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, or to client needs;
- the ability of our clients to retain and increase the productivity of their permanent staff, which may negatively affect the demand for our services;
- our ability to grow and operate our business 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 operating and back office 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 quality 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 uncertain income tax liability, 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 three months ended March 31, 2013, our primary exposure to market risk was interest rate risk associated with our debt instruments. During the three months ended March 31, 2013, borrowings under the Term Loan bore interest at floating rates based upon either a LIBOR (with a floor of 1.25%) or a base rate option selected by us, plus a spread of 4.50% to 4.75% and 3.50% to 3.75%, respectively. A 1% change 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 three months ended March 31, 2013.

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, 2013 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 March 31, 2013 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 has been any material changes from the risk factors disclosed in Part 1, Item 1A of our 2012 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*

<u>Exhibit Number</u>	<u>Description</u>
4.1	First Amendment to Credit Agreement, dated as of February 28, 2013, by and among AMN Healthcare, Inc., as borrower, AMN Healthcare Services, Inc., AMN Services, LLC, O'Grady-Peyton International (USA), Inc., AMN Staffing Services, LLC, Merritt, Hawkins & Associates, LLC, AMN Healthcare Allied, Inc., Staff Care, Inc., AMN Allied Services, LLC, Pharmacy Choice, Inc., Rx Pro Health, Inc., Nursefinders, LLC, Linde Health Care Staffing, Inc., as guarantors, the lenders identified on the signature pages thereto, as lenders, and SunTrust Bank, as administrative agent.*
10.1	Form of AMN Healthcare Equity Plan Performance Restricted Stock Unit Agreement (Adjusted EBITDA Margin) (Management Contract or Compensation Plan or Arrangement).*
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.

** Pursuant to applicable securities laws and regulations, we are deemed to have complied with the reporting obligation relating to the submission of interactive data files in such exhibits and are not subject to liability under any anti-fraud provisions of the federal securities laws as long as we have made a good faith attempt to comply with the submission requirements and amend the interactive data files promptly after becoming aware that the interactive data files fail to comply with the submission requirements. The interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under these sections.

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 3, 2013

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. SALKA

**Susan R. Salka
President and Chief Executive Officer**

Date: May 3, 2013

/s/ BRIAN M. SCOTT

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

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this “*Amendment*”), dated as of February 28, 2013 (the “*Signing Date*”) and effective as of the First Amendment Effective Date (as defined below), is entered into by and among **AMN HEALTHCARE, INC.**, a Nevada corporation (the “*Borrower*”), **AMN HEALTHCARE SERVICES, INC.**, a Delaware corporation, (the “*Parent*”), the Subsidiary Guarantors identified on the signature pages hereto, the revolving lenders identified on the signature pages hereto as Existing Revolving Lenders (the “*Existing Revolving Lenders*”), the tranche B lenders identified on the signature pages hereto as Existing Tranche B Lenders (the “*Existing Tranche B Lenders*” and together with the Existing Revolving Lenders, the “*Lenders*”) and **SUNTRUST BANK**, as Administrative Agent. Terms used but not otherwise defined herein shall have the meanings provided in the Credit Agreement described below.

WITNESSETH

WHEREAS, the Borrower, the Parent, the Subsidiary Guarantors, the Lenders party thereto, and the Administrative Agent entered into that certain Credit Agreement dated as of April 5, 2012 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the “*Existing Credit Agreement*”);

WHEREAS, the Borrower has requested that the Existing Credit Agreement be amended to (i) reprice the outstanding Tranche B Loans, (ii) reprice the outstanding Revolving Loans and any new extensions of credit made in respect of the Revolving Commitments and (iii) amend certain other terms in the Existing Credit Agreement, in each case in the manner provided herein;

WHEREAS, the Administrative Agent, the requisite Lenders and the Credit Parties are willing to agree to the requested amendments subject to the provisions of this Amendment.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**PART 1
DEFINITIONS**

SUBPART 1.1 Certain Definitions. Unless otherwise defined herein or the context otherwise requires, the following terms used in this Amendment, including its preamble and recitals, have the following meanings:

“First Amendment Effective Date” is defined in Subpart 3.1.

SUBPART 1.2 Other Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, have the meanings provided in the Existing Credit Agreement, as amended hereby

**PART 2
AMENDMENTS TO EXISTING CREDIT AGREEMENT**

Effective on (and subject to the occurrence of) the First Amendment Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Part 2.

SUBPART 2.1 Amendments to Section 1.1. The following definitions set forth in Section 1.1 of the Existing Credit Agreement are hereby amended in their entirety to read as follows:

“Applicable Percentage” means, for purposes of calculating the applicable interest rate for any day for any Loan (other than any Incremental Term Loan), the applicable rate of the Unused Fee for any day for purposes of Section 3.5(a) and the Letter of Credit Fee for any day for purposes of Section 3.5(b)(i), the appropriate applicable percentage corresponding to the Consolidated Leverage Ratio in effect as of the most recent Calculation Date:

Pricing Level	Consolidated Leverage Ratio	Applicable Margin				Letter of Credit Fee	Unused Fee
		Revolving Loans that are Eurodollar Loans	Revolving Loans that are Base Rate Loans	Tranche B Loans that are Eurodollar Loans	Tranche B Loans that are Base Rate Loans		
I	Less than 2.00 to 1.00	2.25%	1.25%	3.00%	2.00%	2.25%	0.375%
II	Less than 3.00 to 1.00 but greater than or equal to 2.00 to 1.00	2.50%	1.50%	3.00%	2.00%	2.50%	0.375%
III	Greater than or equal to 3.00 to 1.00	2.75%	1.75%	3.00%	2.00%	2.75%	0.375%

The Applicable Percentages shall be determined and adjusted quarterly on the date (each, a “Calculation Date”) five Business Days after the date by which the Credit Parties are required to provide the Required Financial Information for the most recently ended fiscal quarter or fiscal year, as the case may be, of the Consolidated Parties; provided, however, that (i) the initial Applicable Percentages shall be based on Pricing Level II (as shown above) as of the First Amendment Effective Date and shall remain at Pricing Level II until the Calculation Date for the fiscal quarter of the Consolidated Parties ending on March 31, 2013, on and after which time the Pricing Level shall be determined by the Consolidated Leverage Ratio as of the last day of the most recently ended fiscal quarter of the Consolidated Parties preceding the applicable Calculation Date and (ii) if the Credit Parties fail to provide the

Required Financial Information to the Administrative Agent as required for the fiscal quarter of the Consolidated Parties preceding the applicable Calculation Date, the Applicable Percentage from such Calculation Date shall be based on Pricing Level III until such time as the Required Financial Information is provided, whereupon the Pricing Level shall be determined by the Consolidated Leverage Ratio as of the last day of the most recently ended fiscal quarter or fiscal year, as the case may be, of the Consolidated Parties preceding such Calculation Date. Each Applicable Percentage shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Applicable Percentages shall be applicable to all existing Loans (other than any Incremental Term Loan) and Letters of Credit as well as any new Loans and Letters of Credit made or issued. Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Percentage for any period shall be subject to the provisions of Section 3.15(c).

“Eurodollar Rate” means for any Interest Period with respect to a Eurodollar Loan, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Eurodollar Rate} = \frac{\text{Interbank Offered Rate}}{1.00 - \text{Eurodollar Reserve Requirement}}$$

Notwithstanding the foregoing, solely for purposes of (i) Tranche B Loans, the Eurodollar Rate shall in no event be less than 0.75% per annum at any time and (ii) an Incremental Term Loan, the Eurodollar Rate shall in no event be less than a rate per annum set forth in the applicable Incremental Term Loan Agreement.

“Excluded Subsidiary” means (a) each Insurance Subsidiary and (b) any other Subsidiary that, as of any date of determination, has (i) Consolidated EBITDA for the most recent four quarter period for which the Required Financial Information has been delivered of less than 5% of total Consolidated EBITDA of the Consolidated Parties or (ii) Consolidated Total Assets with an aggregate fair market value of less than 5% of total Consolidated Total Assets of the Consolidated Parties; provided, however, in no event shall the aggregate Consolidated EBITDA of all Excluded Subsidiaries at any time exceed (A) 10% of total Consolidated EBITDA of the Consolidated Parties or (B) 10% of total Consolidated Total Assets of the Consolidated Parties.

“Permitted Acquisition” means (i) any Acquisition by the Borrower or any Subsidiary of the Borrower, provided that (a) the Property acquired (or the Property of the Person acquired) in such Acquisition (x) is used or useful in the same or a similar line of business as the Borrower and its Subsidiaries were engaged in on the Closing Date (or any reasonable extensions or expansions thereof) and (y) has earnings before interest, taxes, depreciation and amortization for the prior four fiscal quarters in an amount greater than \$0, (b) the Administrative Agent shall have received all items in respect of the Capital Stock or Property acquired in such Acquisition required to be delivered by the terms of Section 7.12 and/or Section 7.13, (c) in the case of an Acquisition of the Capital Stock of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, (d) the Borrower shall have delivered to the Administrative

Agent a Pro Forma Compliance Certificate demonstrating that, upon giving effect to such Acquisition on a Pro Forma Basis, (x) no Default or Event of Default would exist as the result of a violation of Section 7.11(a) or Section 7.11(b) and (y) the Consolidated Leverage Ratio shall be 0.25 less than the then applicable level set forth in Section 7.11(a), (e) if such transaction involves the purchase of an interest in a partnership between the Borrower (or a Subsidiary of the Borrower) as a general partner and entities unaffiliated with the Borrower or such Subsidiary as the other partners, such transaction shall be effected by having such equity interest acquired by a holding company directly or indirectly wholly-owned by the Borrower newly formed for the sole purpose of effecting such transaction.

SUBPART 2.2 Amendments to Section 1.1. The definition of “Consolidated EBITDA” in Section 1.1 of the Existing Credit Agreement is amended by deleting clause (H) in its entirety and replacing it with the following:

(H) solely for each of the 2012, 2013 and 2014 fiscal years, the settlement amounts relating to the settlement of any claims against any Consolidated Party, including, without limitation, claims by the Internal Revenue Service, in an aggregate amount not to exceed \$10,000,000, minus

SUBPART 2.3 Amendments to Section 1.1. The definition of “Permitted Investment” in Section 1.1 of the Existing Credit Agreement is hereby amended by adding the following clauses (xv) and (xvi) at the end of such definition and making the appropriate punctuation and grammatical changes to such definition:

(xv) Investments in any Insurance Subsidiary required to meet regulatory requirements and fund reserves for anticipated insurance losses as reasonably determined by the Borrower; and (xvi) Investments by any Insurance Subsidiary in the ordinary course of business in accordance with applicable law.

SUBPART 2.4 Amendments to Section 1.1. The following new definitions are hereby added to Section 1.1 of the Existing Credit Agreement in the appropriate alphabetical order and shall read as follows:

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

“First Amendment” means the First Amendment to Credit Agreement, dated as of February 28, 2013, among the Borrower, the Parent, the Subsidiary Guarantors, SunTrust Bank, as Administrative Agent and the Lenders party thereto.

“First Amendment Effective Date” shall mean the date upon which all conditions precedent to the First Amendment shall have been satisfied or waived in accordance with the terms thereof.

“Insurance Subsidiary” means any of (a) Spectrum Insurance Company, a Hawaii corporation and (b) each other insurance entity established for the purpose of providing insurance coverage solely for the benefit of one or more Consolidated Parties.

“Qualified ECP Guarantor” means, in respect of any Swap Obligation and Section 4.9, each Credit Party that qualifies as an “eligible contract participant” under § 1a(18)(A)(v)(I) of the Commodity Exchange Act at the time the guarantee under Section 4 becomes effective with respect to such Swap Obligation.

“Swap Obligations” means, with respect to any Guarantor, an obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of § 1a(47) of the Commodity Exchange Act.

SUBPART 2.5 Amendments to Section 1.1. The definition of “Qualifying Consideration” is hereby deleted in its entirety from Section 1.1 of the Existing Credit Agreement.

SUBPART 2.6 Amendment to Section 2.2(a)(i). Clause (i) of the proviso immediately following subsection (B) of Section 2.2(a)(i) of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

“(i) the LOC Obligations outstanding shall not at any time exceed **THIRTY MILLION DOLLARS (\$30,000,000)** (the “LOC Committed Amount”) and”

SUBPART 2.7 Amendment to Section 3.3(b)(ii). Subsection (b)(ii) of Section 3.3 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(ii) Excess Cash Flow.

(A) If, as of the last day of any fiscal year (commencing with the fiscal year ending December 31, 2012) the Consolidated Leverage Ratio is equal to or greater than 2.50 to 1.00, the Borrower shall, within 90 days of the end of such fiscal year, prepay the Tranche B Loans in an amount equal to (x) 50% of Excess Cash Flow as of the end of such fiscal year (or, in the case of the fiscal year ending December 31, 2012, for the period from April 1, 2012 through December 31, 2012) minus (y) the amount of any voluntary prepayments of the Tranche B Loan or the Revolving Loans (to the extent accompanied by a permanent reduction of the Revolving Committed Amount) made in such fiscal year (such prepayment to be applied as set forth in clause (vi) below).

(B) If, as of the last day of any fiscal year (commencing with the fiscal year ending December 31, 2012) the Consolidated Leverage Ratio is less than 2.50 to 1.00 then no Excess Cash Flow prepayment shall be required for such fiscal year.

SUBPART 2.8 Amendment to Section 3.3(c). Subsection (c) of Section 3.3 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(c) Prepayment Premiums. In the event that, on or prior to the date that is six months after the First Amendment Effective Date, any Consolidated Party (i) makes any prepayment of the Tranche B Loan in connection with any Repricing Transaction, (ii) effects any amendment of this Agreement resulting in a Repricing Transaction (in each case, for the avoidance of doubt, excluding any such Repricing Transaction to occur on the First Amendment Effective Date in accordance with the terms of the First Amendment), the Borrower shall pay to the Administrative Agent, for the ratable account of each applicable Tranche B Lender, a fee in an amount equal to (x) in the case of clause (i), a prepayment premium of 1.0% of the amount of the Tranche B Loans being prepaid and (y) in the case of clause (ii), a payment equal to 1.0% of the aggregate amount of the Tranche B Loans outstanding immediately prior to such amendment.

SUBPART 2.9 Amendment to Section 4. Section 4 of the Existing Credit Agreement is hereby amended to add the following new Sections 4.8 and 4.9 which shall read as follows:

4.8 Eligible Contract Participant.

Notwithstanding anything to the contrary in any Loan Document, no Guarantor shall be deemed under this Section 4 to be a guarantor of any Swap Obligations if such Guarantor was not an “eligible contract participant” as defined in § 1a(18) of the Commodity Exchange Act, at the time the guarantee under this Section 4 becomes effective with respect to such Swap Obligation and to the extent that the providing of such guarantee by such Guarantor would violate the Commodity Exchange Act; provided however that in determining whether any Guarantor is an “eligible contract participant” under the Commodity Exchange Act, the guarantee of the Credit Party Obligations of such Guarantor under this Section 4 by a Guarantor that is also a Qualified ECP Guarantor shall be taken into account.

4.9 Keepwell.

Without limiting anything in this Section 4, each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time to each Guarantor that is not an “eligible contract participant” under the Commodity Exchange Act at the time the guarantee under this Section 4 becomes effective with respect to any Swap Obligation, to honor all of the Obligations of such Guarantor under this Section 4 in respect of such Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 4.9 for the maximum amount of such liability that can be hereby incurred without rendering its undertaking under this Section 4.9, or otherwise under this Section 4, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The undertaking of each Qualified ECP Guarantor under this Section 4.9 shall remain in full force and effect until termination of the Commitments and payment in full of all Loans and other Credit Party Obligations. Each Qualified ECP Guarantor intends that this Section 4.9 constitute, and this Section 4.9 shall be deemed to constitute, a “keepwell,

support, or other agreement” for the benefit of each Guarantor that would otherwise not constitute an “eligible contract participant” under the Commodity Exchange Act.

SUBPART 2.10 Amendment to Section 7.6. Section 7.6 of the Existing Credit Agreement is hereby amended to add the following new clause (c) which shall read as follows:

(c) The Insurance Subsidiary shall conduct its insurance business in compliance with all applicable insurance laws, rules, regulations and orders and using sound actuarial principles. The insurance premiums and other expenses charged by the Insurance Subsidiary to the Parent or any of its Subsidiaries shall be reasonable and customary. The Borrower will provide the Administrative Agent and the Lenders copies of any outside actuarial reports prepared with respect to any projection, valuation or appraisal of the Insurance Subsidiary promptly after receipt thereof.

SUBPART 2.11 Amendment to Section 7.11(a). Subsection (a) of Section 7.11 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(a) Consolidated Leverage Ratio. The Credit Parties shall not permit the Consolidated Leverage Ratio as of the last day of any fiscal quarter of the Consolidated Parties to be greater than 4.00 to 1.0.

SUBPART 2.12 Amendment to Section 8.7. Section 8.7 of the Existing Credit Agreement is hereby amended by deleting clause (j) thereof in its entirety and replacing it with the following:

(j) such other Restricted Payments in addition to the foregoing in a cash amount not to exceed \$25,000,000 in the aggregate following the First Amendment Effective Date; provided that no Default or Event of Default exists either before or after giving effect to such Restricted Payment.

SUBPART 2.13 Amendment to Section 8.11. Section 8.11 of the Existing Credit Agreement is hereby amended by adding the following new clause (vii) at the end of such section definition and making the appropriate punctuation and grammatical changes to such definition:

(vii) pursuant to applicable law and other customary conditions and restrictions contained in any agreement, document or instrument relating to the formation, operation and regulatory requirements or limitations related to the Insurance Subsidiary.

SUBPART 2.14 Amendment to Section 8.15. Section 8.15 of the Existing Credit Agreement is hereby amended by adding the following new clause (e) at the end of such section definition and making the appropriate punctuation and grammatical changes to such definition:

(e) pursuant to applicable law and other customary conditions and restrictions contained in any agreement, document or instrument relating to the formation, operation and regulatory requirements or limitations related to the Insurance Subsidiary.

PART 3
CONDITIONS TO EFFECTIVENESS

SUBPART 3.1 First Amendment Effective Date. This Amendment shall be and become effective as of the date when all of the conditions set forth in this Part 3 shall have been satisfied, (the “**First Amendment Effective Date**”) and thereafter this Amendment shall be known, and may be referred to, as the “**Amendment**”. The First Amendment Effective Date shall occur no later than April 10, 2013 (the “**Termination Date**”). In the event that the First Amendment Effective Date does not occur on or before the Termination Date, this Amendment shall be of no further force and effect.

SUBPART 3.2 Execution of Counterparts of Amendment. The Administrative Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Parent, the Subsidiary Guarantors, the Existing Revolving Lenders, the Existing Tranche B Lenders (after giving effect to the replacement of any Lender who does not consent to this Amendment and is a Replaced Lender in accordance with Section 3.17 of the Existing Credit Agreement) and the Administrative Agent.

SUBPART 3.3 Corporate Documents. The Administrative Agent shall have received an officer’s certificate (A) certifying that the articles or certificates of incorporation or other charter documents, as applicable, of each Credit Party that were delivered on the Closing Date remain true and complete as of the First Amendment Effective Date (or certified updates as applicable), (B) certifying that the bylaws, operating agreements or partnership agreements of each Credit Party that were delivered on the Closing Date remain true and correct as of the First Amendment Effective Date (or certified updates as applicable), (C) attaching copies of the resolutions of the board of directors or manager, as applicable, of each Credit Party approving and adopting this Amendment (including, without limitation, the repricing and reallocation of the Tranche B Loan) and the transactions contemplated herein and authorizing execution and delivery hereof, certified by a secretary or assistant secretary of such Person to be true and correct and in force and effect as of the First Amendment Effective Date, (D) attaching certificates of good standing, existence or its equivalent with respect to each Credit Party certified as of a recent date by the appropriate Governmental Authorities of the state or other jurisdictions of incorporation and the state or other jurisdiction of the chief executive office and principal place of business, (E) certifying that each officer listed in the incumbency certification contained in each Credit Party’s secretary’s certificate, delivered on the Closing Date remains a duly elected and qualified officer of such Credit Party and such officer remains duly authorized to execute and deliver on behalf of such Credit Party the Amendment or attaching a new incumbency certificate for each officer signing this Amendment.

SUBPART 3.4 Officer’s Certificates. The Administrative Agent shall have received a certificate or certificates executed by an Executive Officer of the Borrower as of the First Amendment Effective Date, in form and substance reasonably satisfactory to the Administrative Agent, stating that (i) all governmental, shareholder and material third party consents and approvals, if any, with respect to the Amendment and the transactions contemplated thereby have been obtained, (ii) no action, suit, investigation or proceeding is pending or, to the knowledge of the Borrower, threatened

in any court or before any arbitrator or governmental instrumentality that purports to affect any Credit Party or any transaction contemplated by the Credit Documents, if such action, suit, investigation or proceeding could reasonably be expected to have a Material Adverse Effect and (iii) immediately after giving effect to the Amendment and the making of the Loans hereunder, (A) no Default or Event of Default exists and (B) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects.

SUBPART 3.5 Fees and Expenses. The Administrative Agent shall have received from the Borrower (i) for the account of the Lenders the aggregate amount of all fees to the extent due and payable on or prior to the execution of this Amendment, (ii) the aggregate amount of other fees and expenses payable in connection with the consummation of the transactions contemplated hereby and (iii) all reasonable out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation, the reasonable fees and expenses of Moore & Van Allen PLLC, special counsel to the Administrative Agent.

PART 4 MISCELLANEOUS

SUBPART 4.1 Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders that, after giving effect to this Amendment, (a) no Default or Event of Default exists under the Credit Agreement and (b) the representations and warranties set forth in Section 6 of the Existing Credit Agreement are, subject to the limitations set forth therein, true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date, in which case, they are true and correct in all material respects as of such earlier date).

SUBPART 4.2 Reaffirmation of Security Interests. Each Credit Party (i) affirms that each of the Liens granted in or pursuant to the Credit Documents are valid and subsisting and (ii) agrees that this Amendment shall in no manner impair or otherwise adversely effect any of the Liens granted in or pursuant to the Credit Documents.

SUBPART 4.3 Reaffirmation of Guaranty. Each of the Guarantors (i) acknowledges and consents to all of the terms and conditions of this Amendment, (ii) affirms all of its obligations under the Credit Documents and (iii) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge such Guarantor's obligations under the Credit Agreement or the other Credit Documents.

SUBPART 4.4 Cross-References. References in this Amendment to any Part or Subpart are, unless otherwise specified, to such Part or Subpart of this Amendment.

SUBPART 4.5 Instrument Pursuant to Existing Credit Agreement. This Amendment is executed pursuant to the Existing Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with the terms and provisions of the Existing Credit Agreement.

SUBPART 4.6 References in Other Credit Documents. At such time as this Amendment shall become effective pursuant to the terms of Subpart 3.1, all references to the “Credit Agreement” shall be deemed to refer to the Credit Agreement as amended by this Amendment.

SUBPART 4.7 Counterparts/Telecopy. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of executed counterparts of the Amendment by telecopy shall be effective as an original and shall constitute a representation that an original shall be delivered.

SUBPART 4.8 Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, BUT EXCLUDING ALL OTHER CHOICE OF LAW AND CONFLICTS OF LAW RULES).

SUBPART 4.9 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SUBPART 4.10 General. Except as amended hereby, the Existing Credit Agreement and all other credit documents shall continue in full force and effect.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Credit Agreement as of the date first above written.

BORROWER: **AMN HEALTHCARE, INC.,**
a Nevada corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer r

PARENT: **AMN HEALTHCARE SERVICES, INC.,**
a Delaware corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer r

**SUBSIDIARY
GUARANTORS:** **AMN SERVICES, LLC,**
a North Carolina limited liability company

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

O'GRADY-PEYTON INTERNATIONAL (USA), INC.,
a Massachusetts corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

AMN STAFFING SERVICES, LLC,
a Delaware limited liability company

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

MERRITT, HAWKINS & ASSOCIATES, LLC
a California limited liability company

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

AMN HEALTHCARE ALLIED, INC.,
a Texas corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

STAFF CARE, INC.,
a Delaware corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

AMN ALLIED SERVICES, LLC,
a Delaware limited liability company

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

NURSEFINDERS, LLC,
a Texas limited liability company

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

PHARMACY CHOICE, INC.,
a Colorado corporation

By: /s/ Brian Scott
Name: Brian Scott
Title: Chief Financial Officer

RX PRO HEALTH, INC.,

a Colorado corporation

By: /s/ Brian Scott

Name: Brian Scott

Title: Chief Financial Officer

LINDE HEALTH CARE STAFFING, INC.,

a Missouri corporation

By: /s/ Brian Scott

Name: Brian Scott

Title: Chief Financial Officer

ADMINISTRATIVE AGENT: SUNTRUST BANK,
in its capacity as Administrative Agent

By: /s/ Joshua J. Turner

Name: Joshua J. Turner

Title: Vice President

EXISTING REVOLVING

LENDERS:

SUNTRUST BANK,

as an Existing Revolving Lender,
Issuing Lender and Swingline Lender

By: /s/ Joshua J. Turner

Name: Joshua J. Turner

Title: Vice President

GENERAL ELECTRIC CAPITAL CORPORATION,
as an Existing Revolving Lender

By: /s/ R. Hanes Whiteley
Name: R. Hanes Whiteley
Title: Duly Authorized Signatory

ING CAPITAL LLC,
as an Existing Revolving Lender

By: /s/ Darren Wells
Name: Darren Wells
Title: Managing Director

JPMORGAN CHASE BANK, N.A.,
as an Existing Revolving Lender

By: /s/ Anna C. Araya
Name: Anna C. Araya
Title: Vice President

BANK OF AMERICA, N.A.,
as an Existing Revolving Lender

By: /s/ John C. Plecque
Name: John C. Plecque
Title: Senior Vice President

EXISTING TERM LENDERS:

Arch Investment Holdings III Ltd.

By: PineBridge Investments LLC As Collateral Manager

By: /s/ Steven Oh

Name: Steven Oh

Title: Managing Director

BABSON CLO LTD. 2005-III

BABSON CLO LTD. 2011-I

ST. JAMES RIVER CLO, LTD.

By: Babson Capital Management LLC as Collateral Manager

By: /s/ Ryan Christenson

Name: Ryan Christenson

Title: Director

ARROWOOD INDEMNITY COMPANY

**ARROWOOD INDEMNITY COMPANY AS ADMINISTRATOR OF THE PENSION
PLAN OF ARROWOOD INDEMNITY COMPANY**

C.M. LIFE INSURANCE COMPANY

MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY

By: Babson Capital Management LLC as Investment Adviser

By: /s/ Ryan Christenson

Name: Ryan Christenson

Title: Director

BABSON CAPITAL FLOATING RATE INCOME MASTER FUND, L.P.

By: Babson Capital Management LLC, as Investment Manager

By: /s/ Ryan Christenson

Name: Ryan Christenson

Title: Director

DIAMON LAKE CLO, LTD.

By: Babson Capital Management LLC, as Collateral Servicer

By: /s/ Steven Oh

Name: Steven Oh

Title: Director

ATRIUM V

By: Credit Suisse Asset Management, LLC, as Collateral Manager

By: /s/ David H. Lerner

Name: David H. Lerner

Title: Authorized Signatory

Bridgeport CLO Ltd.

Schiller Park CLO Ltd.

Burr Ridge CLO Plus Ltd.

Bridgeport CLO II Ltd.

By: Deerfield Capital Management LLC, its Collateral Manager

By: /s/ Claudette L. Kraus

Name: Claudette L. Kraus

Title: Authorized Signatory

CIFC Funding 2006-I, Ltd.

CIFC Funding 2006-IB, Ltd.

CIFC Funding 2006-II, Ltd.

CIFC Funding 2007-I, Ltd.

CIFC Funding 2007-II, Ltd.

CIFC Funding 2007-III, Ltd.

CIFC Funding 2007-IV, Ltd.

CIFC Funding 2011-I, Ltd.

CIFC Funding 2012-III, Ltd.

By: CIFC Asset Management LLC, its Collateral Manager

By: /s/ Claudette L. Kraus

Name: Claudette L. Kraus
Title: Authorized Signatory

ColumbusNova CLO Ltd. 2006-II
ColumbusNova CLO Ltd. 2007-I
ColumbusNova CLO IV Ltd. 2007-II

By: Columbus Nova Credit Investments Management, LLC, as its Collateral Manager

By: /s/ Claudette L. Kraus
Name: Claudette L. Kraus
Title: Authorized Signatory

CORNERSTONE CLO LTD.

By: Apollo Debt Advisors, LLC, as its Collateral Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

DUANE STREET CLO IV, LTD.

By: Citigroup Alternative Investments LLC, As Collateral Manager

By: /s/ Melanie Hanlon
Name: Melanie Hanlon
Title: Director

DWS Floating Rate Fund

By: Deutsche Investment Management Americas, Inc.
Investment Advisor

By: /s/ Antonio V. Versaci
Name: Antonio V. Versaci
Title: Director

By: /s/ Colleen Cunniffe
Name: Colleen Cunniffe
Title: Managing Director

DWS Short Duration Fund

By: Deutsche Investment Management Americas, Inc.
Investment Advisor

By: /s/ Antonio V. Versaci
Name: Antonio V. Versaci
Title: Director

By: /s/ Colleen Cunniffe
Name: Colleen Cunniffe
Title: Managing Director

Falcon Senior Loan Fund Ltd.

By: Apollo Fund Management LLC, As Its Investment Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

Fire and Police Pension Fund, San Antonio

By: PineBridge Investments LLC, Its Investment Manager

By: /s/ Steven Oh
Name: Steven Oh
Title: Managing Director

Flagship CLO VI

By: Deutsche Investment Management Americas, Inc., As Collateral Manager

By: /s/ Antonio V. Versaci
Name: Antonio V. Versaci

Title: Director

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Managing Director

Galaxy XI CLO, Ltd.

By: PineBridge Investments LLC, As Collateral Manager

By: /s/ Steven Oh

Name: Steven Oh

Title: Managing Director

Galaxy XII CLO, Ltd.

By: PineBridge Investments LLC, As Collateral Manager

By: /s/ Steven Oh

Name: Steven Oh

Title: Managing Director

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ R. Hanes Whiteley

Name: R. Hanes Whiteley

Title: Authorized Signatory

Haleyon Loan Investors CLO II, LTD.

Haleyon Structured Asset Management Long Secured/Short Unsecured 2007-1 LTD.

Halcyon Structured Asset Management Long Secured/Short Unsecured 2007-2 LTD.

SC PRO Loan II Limited

Swiss Capital Pro Loan III Plc

By: /s/ David M.

Name: David M.

Title: Controller

Hudson Canyon Funding II, Ltd.

By: Invesco Senior Secured Management, Inc., as Collateral Manager and Attorney in Fact

By: /s/ Thomas Ewald
Name: Thomas Ewald
Title: Authorized Individual

ING CAPITAL LLC

By: /s/ Darren Wells
Name: Darren Wells
Title: Managing Director

Invesco Floating Rate Fund

By: Invesco Senior Secured Management, Inc., as Sub-Adviser

By: /s/ Thomas Ewald
Name: Thomas Ewald
Title: Authorized Individual

Invesco Zodiac Funds – Invesco US Senior Loan Fund

By: Invesco Management S.A., As Investment Manager

By: /s/ Thomas Ewald
Name: Thomas Ewald
Title: Authorized Individual

Limerock CLO I

By: Invesco Senior Secured Management, Inc., as Investment Manager

By: /s/ Thomas Ewald
Name: Thomas Ewald
Title: Authorized Individual

Madison Park Funding II, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding III, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding IV, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding V, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding VI, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding VII, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

Madison Park Funding VIII, Ltd.

By: Credit Suisse Asset Management, LLC, as collateral manager

By: /s/ David H. Lerner
Name: David H. Lerner
Title: Authorized Individual

MT. WHITNEY SECURITIES, INC.

By: Deutsche Investment Management Americas, Inc., as Manager

By: /s/ Antonio V. Versaci
Name: Antonio V. Versaci
Title: Director

By: /s/ Colleen Cunniffe
Name: Colleen Cunniffe
Title: Managing Director

Nautique Funding Ltd.

By: Invesco Senior Secured Management, Inc., as Collateral Manager

By: /s/ Thomas Ewald
Name: Thomas Ewald
Title: Authorized Individual

One Wall Street CLO II LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Pacifica CDO V LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Pacifica CDO VI LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Primus CLO II, Ltd.

By: CypressTree Investment Management, LLC, its Collateral Manager

By: /s/ Claudette L. Kraus
Name: Claudette L. Kraus
Title: Authorized Signatory

Prospero CLO II B.V.

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Rampart CLO 2007 Ltd.

By: Apollo Debt Advisors LLC, as its Collateral Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

REGATTA FUNDING LTD.

By: Citi Alternative Investments, LLC, attorney-in-fact

By: /s/ Melanie Hanlon
Name: Melanie Hanlon
Title: Director

Saturn CLO 2007 Ltd.

By: PineBridge Investments LLC, Its Collateral Manager

By: /s/ Steven Oh
Name: Steven Oh
Title: Managing Director

Stone Tower CLO V Ltd.

By: Apollo Debt Advisors LLC, as its Collateral Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

Stone Tower CLO VI Ltd.

By: Apollo Debt Advisors LLC, as its Collateral Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

Stone Tower CLO VII Ltd.

By: Apollo Debt Advisors LLC, as its Collateral Manager

By: /s/ Joe Moroney
Name: Joe Moroney
Title: Authorized Signatory

SUNTRUST BANK

By: /s/ Joshua J. Turner
Name: Joshua J. Turner
Title: Vice President

Telos CLO 2006-1, LTD

Telos CLO 2007-2, LTD

Managed by: Telos Asset Management, LLC

By: /s/ Jonathan Tepper
Name: Jonathan Tepper
Title: Director

US Bank Loan Fund (M) Master Trust

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

VALIDUS REINSURANCE LTD.

By: PineBridge Investments LLC, Its Investment Manager

By: /s/ Steven Oh
Name: Steven Oh
Title: Managing Director

Venture VI CDO Limited

By: its investment advisor, MJX Asset Management, LLC

By: /s/ Kenneth Ostmann
Name: Kenneth Ostmann
Title: Portfolio Manager

Venture VII CDO Limited

By: its investment advisor, MJX Asset Management, LLC

By: /s/ Kenneth Ostmann
Name: Kenneth Ostmann
Title: Portfolio Manager

Veritas CLO II, LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Virtus Senior Floating Rate Fund

By: /s/ Kyle Jennings
Name: Kyle Jennings
Title: Managing Director

Westwood CDO I LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

Westwood CDO II LTD

By: Alcentra NY, LLC, as investment advisor

By: /s/ Josephine Shin
Name: Josephine Shin
Title: Senior Vice President

WhiteHorse IV Ltd.

By: WhiteHorse Capital Partners, as collateral manager

By: WhiteRock Asset Advisor, LLC, its GP

By: /s/ Jay Carvell
Name: Jay Carvell
Title: Manager

**FORM OF
AMN HEALTHCARE EQUITY PLAN
PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT
(ADJUSTED EBITDA MARGIN)**

THIS PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT (the “Agreement”), made this _____, 20____, by and between AMN Healthcare Services, Inc. (the “Company”), a Delaware corporation, and _____ (the “Grantee”).

WITNESSETH:

WHEREAS, the Company sponsors the AMN Healthcare Equity Plan, as Amended and Restated (as may be amended from time to time, the “Plan”), and desires to afford the Grantee the opportunity to share in the appreciation of the Company’s common stock, par value \$.01 per share (“Stock”), thereunder, thereby strengthening the Grantee’s commitment to the welfare of the Company and Affiliates and promoting an identity of interest between stockholders and the Grantee.

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) “Adjusted EBITDA” means for the Company and its wholly owned Subsidiaries on a consolidated basis, net income (loss) plus interest expense (net of interest income), income taxes, depreciation and amortization, acquisition related costs, stock-based compensation expense and net income (loss) from discontinued operations, net of tax. The Company’s Adjusted EBITDA may be adjusted at the Compensation Committee’s discretion to exclude the impact of extraordinary items that are included in the Company’s Adjusted Earnings per Share reconciliation table that is part of the Company’s earnings release or changes in GAAP treatment of revenue/expenses.

(c) “Adjusted EBITDA Margin” means for the Company and its wholly owned Subsidiaries on a consolidated basis, Adjusted EBITDA divided by gross revenue, expressed as a percentage.

(d) “Cause” means the Company or an Affiliate having “cause” to terminate a Grantee’s employment or service, as defined in any existing employment, consulting or any other agreement between the Grantee and the Company or a Subsidiary or Affiliate, or, in the absence of such an employment, consulting or other agreement, upon (i) the Committee’s determination that the

Grantee has ceased to perform his/her duties to the Company or an Affiliate (other than as a result of his/her incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his/her duties to such party, (ii) the Committee's determination that the Grantee has engaged or is about to engage in conduct injurious to the Company or an Affiliate, (iii) the Grantee 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 Grantee to follow the lawful instructions of the Board or the Grantee's direct superiors; provided, however, that in the instances of clauses (i), (ii) and (iv), the Company or Affiliate, as applicable, must give the Grantee twenty (20) days' prior written notice of the defaults constituting "cause" hereunder.

(e) "Change in Control" means:

(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") 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;

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

(iii) the consummation of a merger, consolidation or similar form of corporate transaction involving the Company that requires the approval of the Company's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), if immediately following such Business Combination: (x) a Person is or becomes the beneficial owner, directly or indirectly, of a majority of the combined voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), or (y) the Company's stockholders prior to the Business Combination thereafter cease to beneficially own, directly or indirectly, 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), counting for this purpose only voting securities of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) received by such stockholders in connection with the Business Combination. "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.

(f) "Committee" means the Compensation and Stock Plan Committee of the Board or a similar committee performing the functions of a compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

(g) "Credited Service" means the performance of Service on a substantially full time basis for a continuous twelve-month period. For this purpose, substantially full time basis shall mean that the employee or consultant provides regular and recurring services to the Company of at least 32 hours each week. The taking of approved paid time off or legally mandated leave, such as FMLA, does not interrupt this period of Credited Service.

(h) “Grant Date” means _____, 20___, which is the date the Committee authorized this PRSU grant.

(i) “Grantee” shall have the meaning set forth in the introductory paragraph of this Agreement.

(j) “Performance Period” means _____ through _____.

(k) “Performance Restricted Stock Unit(s)” or “PRSU(s)” means the performance restricted stock unit(s) granted under Section 2.

(l) “Service” means the performance of services for the Company (or any Affiliate) by a person in the capacity of an officer or other employee or key person (including consultants).

(m) “Vesting Date” means the date on which the Grantee has performed three full periods of Credited Service the first period of which shall commence on the date hereof; provided, however, that in the event of a Change in Control, the Vesting Date shall be determined as set forth in Section 11(a) below.

2. Grant of Performance Restricted Stock Units. Subject to the terms and conditions set forth herein, the Company hereby grants to the Grantee _____ (the “Target Number”) PRSUs. The actual number of PRSUs that are earned at the end of the Performance Period and subject to continuous vesting (“Earned PRSUs”) may be more or less than the Target Number, as determined by the Committee in accordance with the Adjusted EBITDA Margin Table attached hereto as Schedule I (the “Adjusted EBITDA Margin Table”).

3. Vesting Schedule. No PRSUs may be settled until they are earned and become vested. Except as otherwise set forth in this Agreement or in the Plan, the Earned PRSUs (as determined in accordance with the Adjusted EBITDA Margin Table) shall vest on the Vesting Date. All PRSUs that do not become Earned PRSUs shall be forfeited and be null and void on the date the Committee calculates the Adjusted EBITDA Margin for the Performance Period (the “Calculation Date”).

4. Settlement and Deferral of PRSUs.

(a) Each vested Earned PRSU entitles the Grantee to receive one share of Stock on the “Settlement Date,” which shall be the later of (i) the Vesting Date, and (ii) the end of the deferral period specified by the Grantee. The deferral period shall be no less than three (3) years and five (5) days from the Grant Date. Such deferral election shall be made within 30 days of the Grant Date. This deferral period will apply only to the deferral election made on the specific deferral election form. In addition, any such deferral must apply to receipt of all shares of Stock earned with respect to the entire Grant. (If no deferral period is specified on the deferral election form, Stock will be issued as soon as practicable upon vesting of the PRSUs). If the Grantee wishes to elect to delay his or her original Settlement Date, such election must be made at least twelve (12) months in advance of the Settlement Date and the new Settlement Date must be at least five (5) years after the original Settlement Date.

(b) Shares of Stock underlying the vested Earned PRSUs shall be issued and delivered to the Grantee in accordance with paragraph (a) and upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Grantee. The shares of Stock delivered to the Grantee pursuant to this Section 4 shall be free and clear of all liens, fully paid and non-assessable.

(c) Until such time as shares of Stock have been issued to the Grantee pursuant to paragraph (b) above, and except as set forth in Section 5 below regarding dividend equivalents, the Grantee shall not have any rights as a holder of the shares of Stock underlying this Grant including but not limited to voting rights.

(d) The Grantee 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 in respect of a vested Earned PRSU or from any compensation or other amounts owing to the Grantee the amount (in cash, Stock or other property), any required tax withholding and payroll taxes in respect of such Earned PRSUs vesting or settlement 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.

(e) Without limiting the generality of clause (d) above, in the Committee's sole discretion the Grantee may satisfy, in whole or in part, the foregoing withholding liability (but no more than the minimum required withholding liability) by having the Company withhold from the number of shares of Stock otherwise issuable pursuant to the settlement of vested Earned PRSUs a number of shares with a Fair Market Value equal to such withholding liability.

5. Dividend Equivalents. If on any date the Company shall pay any cash dividend on shares of Stock of the Company, the number of Earned PRSUs credited to the Grantee pursuant to the Adjusted EBITDA Margin Table shall, as of such date (or as of the Calculation Date if such dividend occurs before the Calculation Date), be increased by an amount determined by the following formula:

$W = (X \text{ multiplied by } Y) \text{ divided by } Z$, where:

W = the number of additional PRSUs to be credited to the Grantee on such dividend payment date;

X = the aggregate number of PRSUs (whether vested or unvested) credited to the Grantee as of the record date of the dividend (or the Calculation Date, as applicable);

Y = the cash dividend per share amount; and

Z = the Fair Market Value per share of Stock (as determined under the Plan) on the dividend payment date.

6. Termination of Employment.

(a) If, prior to the Settlement Date, the Grantee shall undergo: a termination of full-time employment if an employee (and also termination of Service if a director); or cessation of providing Credited Service if a consultant, in each case other than for Cause, all unvested PRSUs at the date of such termination shall expire on such date. In the event of such termination, if there are any deferred vested Earned PRSUs, regardless of the Grantee's deferral election, the Company, as soon as practicable following the effective date of termination shall issue shares of Stock to Grantee (or Grantee's designated beneficiary or estate executor in the event of Grantee's death) with respect to any such deferred vested Earned PRSUs for which shares of Stock had not yet been issued to Grantee. Notwithstanding the foregoing, if the Grantee is a specified employee (as defined in Section 409A of the Code), any distribution on account of termination of employment shall be delayed six months and a day after the Grantee's separation from service (within the meaning of Section 409A of the Code and the regulations promulgated thereunder).

(b) If, prior to the Settlement Date, the Grantee is terminated from the employment or service with the Company for Cause, all Earned PRSUs then held by such Grantee (whether or not vested) shall expire immediately upon such cessation of employment or service.

7. Company; Grantee.

(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 "Grantee" 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 PRSUs may be transferred by will or by the laws of descent and distribution, the word "Grantee" shall be deemed to include such person or persons.

8. Non-Transferability. The PRSUs granted herein are not transferable by the Grantee other than to a designated beneficiary upon death, by will or the laws of descent and distribution, to a trust solely for the benefit of the Grantee or his/her immediate family or in the case of the PRSUs being held by such a trust, by the trustee.

9. 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 (i) the business of providing healthcare or other personnel on a temporary or permanent placement basis to hospitals, healthcare facilities, healthcare provider practice groups or other entities, or (ii) clinical workforce management services, or (iii) in any other business in which the Company or any of its divisions, Affiliates or

Subsidiaries are then engaged, in each case, including any and all business activities reasonably related thereto.

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

(c) Confidential and Proprietary Information. The Grantee agrees that Grantee 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 9(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 Grantee or under Grantee's 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 Grantee.

(d) Forfeiture for Violations. If the Grantee shall at any time violate the provisions of Section 9(a), (b), or (c), the Grantee shall immediately forfeit his/her Earned PRSUs (whether vested or unvested) and any issuance of shares of Stock which occurs after (or within six months before) any such violation shall be void ab initio.

10. Rights as Stockholder. The Grantee or a transferee of the Earned PRSUs shall have no rights as a stockholder with respect to any share of Stock covered by the Earned PRSUs until the Grantee 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 Grantee shall become the holder of record thereof.

11. Effect of Change in Control.

(a) In the event of a Change in Control prior to the end of the Performance Period, the Target Number of PRSUs shall automatically vest upon such Change in Control. The Company shall issue shares of Stock (or cash if shares of Stock are no longer available) to the Grantee to settle the vested PRSUs as soon as practicable.

(b) 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 Grantee's rights under this Agreement in any agreement or plan that it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

12. 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 Grantee 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 Grantee may be given to the Grantee personally or may be mailed to Grantee at Grantee's address as recorded in the records of the Company.

13. No Right to Continued Employment. This Agreement shall not be construed as giving the Grantee 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 Grantee or discontinue any consulting relationship, free from any liability or any claim under this Agreement, except as otherwise expressly provided herein.

14. Binding Effect. Subject to Section 8 hereof, this Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. 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 PRSUs heretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of the Grantee in respect of any PRSUs already granted shall not to that extent be effective without the consent of the Grantee.

16. PRSUs Subject to Plan and 2005 Amended and Restated Executive Nonqualified Excess Plan, as amended. By entering into this Agreement, the Grantee agrees and acknowledges that the Grantee has received and read a copy of the Plan and a copy of the Company's 2005 Amended and Restated Executive Nonqualified Excess Plan. The PRSUs are subject to the terms of both plans. The terms and provisions of the plans as they 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 either the Plan or the Company's 2005 Amended and Restated Executive Nonqualified Excess Plan, the applicable terms and provisions of the applicable plan will govern and prevail.

17. 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 that 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: Susan R. Salka
Title: President and CEO

GRANTEE

By: _____
Name:

Schedule 1
Adjusted EBITDA Margin Table

**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: May 3, 2013

**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: May 3, 2013

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 March 31, 2013 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
President and Chief Executive Officer

Date: May 3, 2013

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 March 31, 2013 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

Date: May 3, 2013