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

Form 10-Q

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

For the quarterly period ended September 30, 2007

Or

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

Commission File No.: 001-16753

AMN HEALTHCARE SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

As of November 2, 2007, there were 33,827,921 shares of common stock, \$0.01 par value, outstanding.

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AMN HEALTHCARE SERVICES, INC.

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

AMN HEALTHCARE SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited and in thousands, except par value)

	September 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,170	\$ 4,422
Accounts receivable, net of allowance of \$2,874 and \$3,250 at September 30, 2007 and December 31, 2006, respectively	194,694	192,716
Prepaid expenses	10,665	10,452
Deferred income taxes, net	24,763	26,275
Other current assets	2,014	1,990
Total current assets	238,306	235,855
Fixed assets, net	24,159	23,236
Deposits and other assets	11,441	10,255
Goodwill, net	243,680	240,719
Intangible assets, net	114,484	112,116
Total assets	<u>\$ 632,070</u>	<u>\$ 622,181</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	\$ —	\$ 10,353
Accounts payable and accrued expenses	21,930	20,273
Accrued compensation and benefits	44,881	42,585
Income taxes payable	6,294	2,727
Current portion of notes payable	17,217	12,901
Deferred revenue	7,364	6,397
Other current liabilities	26,007	25,731
Total current liabilities	123,693	120,967
Notes payable, less current portion	139,890	160,479
Deferred income taxes, net	67,723	69,365
Other long-term liabilities	35,700	26,824
Total liabilities	<u>367,006</u>	<u>377,635</u>
Stockholders' equity:		
Common stock, \$0.01 par value; 200,000 shares authorized; 45,443 and 45,199 shares issued at September 30, 2007 and December 31, 2006, respectively	454	452
Additional paid-in capital	394,656	382,098
Treasury stock, at cost (11,615 and 10,615 shares at September 30, 2007 and December 31, 2006, respectively)	(201,692)	(183,182)
Retained earnings	72,032	45,036
Accumulated other comprehensive income (loss)	(386)	142
Total stockholders' equity	265,064	244,546
Total liabilities and stockholders' equity	<u>\$ 632,070</u>	<u>\$ 622,181</u>

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited and in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Revenue	\$ 300,267	\$ 282,728	\$ 878,123	\$ 798,169
Cost of revenue	220,529	206,036	650,921	583,154
Gross profit	<u>79,738</u>	<u>76,692</u>	<u>227,202</u>	<u>215,015</u>
Operating expenses:				
Selling, general and administrative	55,769	54,071	162,340	154,316
Depreciation and amortization	2,979	2,638	8,465	7,628
Total operating expenses	<u>58,748</u>	<u>56,709</u>	<u>170,805</u>	<u>161,944</u>
Income from operations	20,990	19,983	56,397	53,071
Interest expense, net	3,071	4,174	9,529	12,666
Income before income taxes	17,919	15,809	46,868	40,405
Income tax expense	7,831	6,337	19,340	15,361
Net income	<u>\$ 10,088</u>	<u>\$ 9,472</u>	<u>\$ 27,528</u>	<u>\$ 25,044</u>
Net income per common share:				
Basic	<u>\$ 0.29</u>	<u>\$ 0.29</u>	<u>\$ 0.80</u>	<u>\$ 0.78</u>
Diluted	<u>\$ 0.29</u>	<u>\$ 0.28</u>	<u>\$ 0.78</u>	<u>\$ 0.73</u>
Weighted average common shares outstanding:				
Basic	<u>34,328</u>	<u>32,453</u>	<u>34,562</u>	<u>32,146</u>
Diluted	<u>34,745</u>	<u>33,995</u>	<u>35,098</u>	<u>34,313</u>

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
Nine Months Ended September 30, 2007
(Unaudited and in thousands)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Treasury Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2006	45,199	\$ 452	\$ 382,098	\$ (183,182)	\$ 45,036	\$ 142	\$ 244,546
Repurchase of common stock into treasury	—	—	—	(18,510)	—	—	(18,510)
Stock options and stock appreciation rights (SARs) exercised and restricted stock units (RSUs) vested	244	2	2,223	—	—	—	2,225
Income tax benefit from stock options and SARs exercised and RSUs vested	—	—	4,115	—	—	—	4,115
Stock-based compensation	—	—	6,220	—	—	—	6,220
Adoption of Financial Accounting Standards Board interpretation No. 48 (FIN 48)	—	—	—	—	(532)	—	(532)
Comprehensive income (loss):							
Foreign currency translation adjustment	—	—	—	—	—	18	18
Unrealized loss for derivative financial instruments, net of tax	—	—	—	—	—	(546)	(546)
Net income	—	—	—	—	27,528	—	27,528
Total comprehensive income							27,000
Balance, September 30, 2007	<u>45,443</u>	<u>\$ 454</u>	<u>\$ 394,656</u>	<u>\$ (201,692)</u>	<u>\$ 72,032</u>	<u>\$ (386)</u>	<u>\$ 265,064</u>

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Nine Months Ended September 30,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 27,528	\$ 25,044
Adjustments to reconcile net income to net cash provided by operating activities, net of effects from acquisitions:		
Depreciation and amortization	8,465	7,628
Provision for bad debts	2,124	2,122
Non-cash interest expense	1,236	2,647
Provision for deferred income taxes	2,620	12,662
Non-cash stock-based compensation	6,220	5,015
Excess tax benefit from stock options and SARs exercised and RSUs vested	(3,303)	(6,575)
Loss on disposal or sale of fixed assets	29	54
Changes in assets and liabilities:		
Accounts receivable	(2,853)	(27,606)
Prepaid expenses and other current assets	(468)	1,181
Deposits and other assets	(2,358)	3,049
Accounts payable and accrued expenses	1,421	3,490
Accrued compensation and benefits	1,872	10,959
Income taxes payable	8,878	3,494
Other liabilities	2,899	2,784
Net cash provided by operating activities	<u>54,310</u>	<u>45,948</u>
Cash flows from investing activities:		
Purchase and development of fixed assets	(6,491)	(6,717)
Cash paid for acquisition, net of cash received	(5,482)	(35,963)
Net cash used in investing activities	<u>(11,973)</u>	<u>(42,680)</u>
Cash flows from financing activities:		
Capital lease repayments	(472)	(367)
Proceeds from issuance of notes payable	—	30,000
Payments on notes payable	(16,703)	(35,960)
Payment of financing costs	—	(330)
Repurchase of common stock	(18,510)	(37,534)
Proceeds from exercise of equity awards	2,225	18,140
Excess tax benefit from stock options and SARs exercised and RSUs vested	3,303	6,575
Change in bank overdraft	(10,450)	692
Net cash used in financing activities	<u>(40,607)</u>	<u>(18,784)</u>
Effect of exchange rate changes on cash	18	(83)
Net increase (decrease) in cash and cash equivalents	1,748	(15,599)
Cash and cash equivalents at beginning of period	4,422	19,110
Cash and cash equivalents at end of period	<u>\$ 6,170</u>	<u>\$ 3,511</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of \$180 and \$50 capitalized during the nine months ended September 30, 2007 and 2006, respectively)	<u>\$ 8,973</u>	<u>\$ 10,659</u>
Cash paid (received) for income taxes	<u>\$ 7,835</u>	<u>\$ (896)</u>
Supplemental disclosures of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	<u>\$ 200</u>	<u>\$ 793</u>
Net change in foreign currency translation adjustment and unrealized gain (loss) on derivative financial instruments, net of tax	<u>\$ (528)</u>	<u>\$ 219</u>
Issuance of treasury stock for acquisition earnout	<u>\$ —</u>	<u>\$ 10,660</u>
Fair value of assets acquired in acquisition, net of cash received	<u>\$ 1,493</u>	<u>\$ —</u>
Goodwill	2,742	
Intangible assets	4,909	—
Liabilities assumed	(1,421)	—
Deferred tax liability	<u>(2,241)</u>	<u>—</u>
Net cash paid for acquisitions	<u>\$ 5,482</u>	<u>\$ —</u>

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

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

The condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with United States generally accepted accounting principles. Please refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2006, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC").

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Certain amounts in the condensed consolidated financial statements for the nine months ended September 30, 2006 have been reclassified to conform to the nine months ended September 30, 2007 presentation.

2. STOCK-BASED COMPENSATION

The Company adopted the provisions of Financial Accounting Standards Board (FASB) revised Statement of Financial Accounting Standards No. 123 (SFAS No. 123R), *Share-Based Payment*, on January 1, 2006. Under SFAS No. 123R, stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period.

On April 18, 2007, the Company amended the AMN Healthcare Equity Plan ("Equity Plan"), with stockholder approval, to increase the number of shares authorized under the plan by 3,000,000 (plus shares forfeited under the Company's Stock Option Plan). For the nine months ended September 30, 2007, 427,000 stock appreciation rights ("SARs") and 268,000 restricted stock units ("RSUs") were granted to employees, officers and directors of the Company under the Equity Plan. The SARs typically vest ratably over a three year period, with about one third of the awards vesting annually. The RSUs typically vest at the end of a three year vesting period, however, 33% of the awards may vest on the 13th month anniversary of the grant date, and 34% on the 2nd anniversary of the grant date, if certain performance targets are met. The Equity Plan expires on the tenth anniversary of the effective date.

Stock Options and SARs

Stock options entitle the holder to purchase, at the end of a vesting period, a specified number of shares of the Company's common stock at a price per share set at the date of grant. SARs, granted under the Company's Equity Plan, entitle the holder to receive, at the end of a vesting period, shares of the Company's common stock

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equal to the difference between the exercise price of the SAR, which is set at the date of grant, and the fair market value of the Company's common stock on the date of exercise, as defined in the Equity Plan.

Stock-based compensation cost of stock options and SARs is measured based on several criteria including, but not limited to, the valuation model used and associated input factors such as expected term of the award, stock price volatility, dividend rate, risk-free interest rate and award forfeiture rate. The input factors to be used in the valuation model are based on subjective future expectations combined with management judgment. The Company estimates the fair value of awards granted using the Black-Scholes valuation model. After consideration of both its implied volatility and historical volatility, the Company determined its historical volatility to be the most accurate estimate of future volatility and therefore utilizes this measure. The Company estimates the expected term based on historical exercise patterns, and based the dividend yield assumption on historical dividend payouts, which is zero. The risk-free interest rate assumption is based on observed interest rates appropriate for the expected term of the Company's equity awards. The Company uses historical data to estimate pre-vesting award forfeitures and records stock-based compensation expense only for those awards that are expected to vest. The fair value of awards granted is amortized on a straight-line basis over the requisite service periods of the awards, which are the vesting periods.

Stock-based compensation expense for the nine months ended September 30, 2007 and September 30, 2006 for SARs granted was estimated at the date of grant using the Black-Scholes valuation model based on the following assumptions (annualized percentages):

	<u>Nine Months Ended September 30, 2007</u>	<u>Nine Months Ended September 30, 2006</u>
Expected term	3.8 years	4.5 years
Risk-free interest rate	4.5%	5.1%
Volatility	31%	46%
Dividend yield	0%	0%

The weighted average grant date fair value of the 427,000 SARs granted during the nine months ended September 30, 2007 was \$7.41 per SAR, and the weighted average grant date fair value of SARs granted during the nine months ended September 30, 2006 was \$8.04 per SAR. As of September 30, 2007, there was \$7.4 million of pre-tax total unrecognized compensation cost related to non-vested stock options and SARs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a weighted average period of 1.8 years.

The following table summarizes stock options and SARs activity for the nine months ended September 30, 2007:

	<u>Number of Shares (in thousands)</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value (in thousands)</u>
Outstanding at January 1, 2007	2,964	\$ 15.93		
Granted	427	\$ 24.47		
Exercised	(229)	\$ 12.82		
Cancelled/forfeited/expired	(49)	\$ 19.52		
Outstanding at September 30, 2007	<u>3,113</u>	<u>\$ 17.27</u>	<u>7.0</u>	<u>\$ 4,544</u>
Exercisable at September 30, 2007	<u>1,845</u>	<u>\$ 16.47</u>	<u>6.1</u>	<u>\$ 4,167</u>

Restricted Stock Units

RSUs, granted under the Company's Equity Plan, entitle the holder to receive, at the end of a vesting period, a specified number of shares of the Company's common stock. Stock-based compensation cost of RSUs is

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measured by the market value of the Company's common stock on the date of grant. The weighted average grant date intrinsic value was \$24.35 per RSU for the 268,000 RSUs granted during the nine months ended September 30, 2007. The Company uses historical data to estimate pre-vesting award forfeitures and records stock-based compensation expense only for those awards that are expected to vest. The grant date intrinsic value of awards granted is amortized on a straight-line basis over the requisite service periods of the awards, which are the vesting periods.

The following table summarizes RSUs activity for non-vested awards for the nine months ended September 30, 2007:

	<u>Number of Shares (in thousands)</u>	<u>Weighted Average Grant Date Intrinsic Value</u>
Unvested at January 1, 2007	255	\$ 18.08
Granted	268	\$ 24.35
Vested	(84)	\$ 18.04
Cancelled/forfeited/expired	(16)	\$ 21.66
Unvested at September 30, 2007	<u>423</u>	<u>\$ 21.93</u>

As of September 30, 2007, there was \$7.7 million of pre-tax total unrecognized compensation cost related to non-vested RSUs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a period of 2.3 years.

Stock-Based Compensation under SFAS No. 123R

The following table shows the total stock-based compensation expense, related to all of the Company's equity awards, recognized for the three and nine month periods ended September 30, 2007 and 2006, in accordance with SFAS No. 123R (in thousands):

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Stock-based employee compensation, before tax	\$ 2,266	\$ 1,857	\$ 6,220	\$ 5,015
Related income tax benefit	(990)	(744)	(2,563)	(1,873)
Stock-based employee compensation, net of tax	<u>\$ 1,276</u>	<u>\$ 1,113</u>	<u>\$ 3,657</u>	<u>\$ 3,142</u>

For the nine months ended September 30, 2007 and 2006, the adoption of SFAS No. 123R resulted in cash flows from financing activities of \$3,303,000 and \$6,575,000, respectively, for excess tax benefits related to equity awards exercised and vested during the period.

3. NET INCOME PER COMMON SHARE

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

Common stock-based equity instrument equivalents of 1,488,000 and 2,120,000 shares for the three and nine month periods ended September 30, 2007, respectively, and 902,000 and 1,126,000 shares for the three and nine month periods ended September 30, 2006, respectively, were not included in the calculations of diluted net income per common share because the effect of these instruments was anti-dilutive.

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The following table sets forth the computation of basic and diluted net income per common share for the three and nine month periods ended September 30, 2007 and 2006 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net income	\$10,088	\$ 9,472	\$27,528	\$25,044
Weighted average common shares outstanding—basic	34,328	32,453	34,562	32,146
Net income per common share—basic	\$ 0.29	\$ 0.29	\$ 0.80	\$ 0.78
Weighted average common shares outstanding—basic Plus dilutive equity instruments	34,328 417	32,453 1,542	34,562 536	32,146 2,167
Weighted average common shares outstanding—diluted	34,745	33,995	35,098	34,313
Net income per common share—diluted	\$ 0.29	\$ 0.28	\$ 0.78	\$ 0.73

4. COMPREHENSIVE INCOME

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting of comprehensive income and its components. Comprehensive income (loss) includes net income, net gains and losses on derivative contracts and foreign currency translation adjustments. For the three months ended September 30, 2007 and 2006, comprehensive income was \$9,533,000 and \$7,818,000 and included a (\$559,000) and (\$1,585,000) unrealized loss on interest rate swap arrangements, net of tax, and a \$4,000 and (\$69,000) foreign currency translation adjustment gain (loss), respectively. For the nine months ended September 30, 2007 and 2006, comprehensive income was \$27,000,000 and \$25,263,000 and included a (\$546,000) and \$302,000 unrealized gain (loss) on interest rate swap arrangements, net of tax, respectively, and a \$18,000 and (\$83,000) foreign currency translation adjustment gain (loss), respectively.

5. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

As of September 30, 2007 and December 31, 2006, the Company had the following intangible assets (in thousands):

	September 30, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Staffing databases	\$ 1,890	\$ (646)	\$ 1,244	\$ 1,600	\$ (372)	\$ 1,228
Customer relationships	34,100	(4,502)	29,598	32,000	(2,653)	29,347
Tradenames and trademarks	2,711	(487)	2,224	1,200	(279)	921
Noncompete agreements	1,110	(386)	724	950	(230)	720
Acquired technology	800	(58)	742	—	—	—
Online courses	59	(7)	52	—	—	—
	<u>\$ 40,670</u>	<u>\$ (6,086)</u>	<u>\$ 34,584</u>	<u>\$ 35,750</u>	<u>\$ (3,534)</u>	<u>\$ 32,216</u>
Intangible assets not subject to amortization:						
Goodwill (1)	\$ 254,132	\$ (10,452)	\$ 243,680	\$ 251,171	\$ (10,452)	\$ 240,719
Tradenames and trademarks	79,900	—	79,900	79,900	—	79,900
	<u>\$ 334,032</u>	<u>\$ (10,452)</u>	<u>\$ 323,580</u>	<u>\$ 331,071</u>	<u>\$ (10,452)</u>	<u>\$ 320,619</u>

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

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The carrying amount of goodwill was \$243,680,000 and \$240,719,000 as of September 30, 2007 and December 31, 2006, respectively. Of the \$3.0 million increase in goodwill, \$2.7 million was related to the acquisition of Lifework, Inc. and its wholly-owned subsidiaries (“Rx Pro Health”) in May 2007, and the remainder was related to the tax related purchase accounting adjustments recorded during the three months ended March 31, 2007.

Aggregate amortization expense for the intangible assets presented in the above table was \$959,000 and \$761,000 for the three months ended September 30, 2007 and 2006, respectively and \$2,552,000 and \$2,294,000 for the nine months ended September 30, 2007 and 2006, respectively. Estimated future aggregate amortization expense of intangible assets as of September 30, 2007 is as follows (in thousands):

	<u>Amount</u>
Three months ending December 31, 2007	\$ 949
Year ending December 31, 2008	3,796
Year ending December 31, 2009	3,787
Year ending December 31, 2010	3,591
Year ending December 31, 2011	2,923
Thereafter	19,538
	<u>\$ 34,584</u>

6. SEGMENT INFORMATION

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes annual and interim reporting standards for an enterprise’s operating segments and related disclosures about its products, services, geographic areas and major customers. Effective April 1, 2006, the Company discloses three reportable segments: nurse and allied healthcare staffing, locum tenens (temporary physicians) staffing and physician permanent placement services.

The Company’s management relies on internal management reporting processes that provide revenue and segment operating income for making financial decisions and allocating resources. Segment operating income includes income from operations before depreciation, amortization of intangible assets and amortization of stock-based compensation expense. Management believes that segment operating income is an appropriate measure of evaluating the operational performance of the Company’s segments. However, this measure should be considered in addition to, not as a substitute for, or superior to, income from operations or other measures of financial performance prepared in accordance with United States generally accepted accounting principles. The Company’s management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed. The information in the following table is derived from the segments’ internal financial information as used for corporate management purposes.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
Revenue				
Nurse and allied healthcare staffing	\$ 204,083	\$ 201,925	\$ 605,380	\$ 561,122
Locum tenens staffing	83,004	68,491	234,346	199,992
Physician permanent placement services	13,180	12,312	38,397	37,055
	<u>\$ 300,267</u>	<u>\$ 282,728</u>	<u>\$ 878,123</u>	<u>\$ 798,169</u>
Segment Operating Income				
Nurse and allied healthcare staffing	\$ 15,674	\$ 16,104	\$ 43,040	\$ 42,228
Locum tenens staffing	7,555	4,800	18,613	14,418
Physician permanent placement services	3,006	3,574	9,429	9,068
	<u>26,235</u>	<u>24,478</u>	<u>71,082</u>	<u>65,714</u>
Depreciation and amortization	2,979	2,638	8,465	7,628
Non-cash stock-based compensation	2,266	1,857	6,220	5,015
Interest expense, net	3,071	4,174	9,529	12,666
Income before income taxes	<u>\$ 17,919</u>	<u>\$ 15,809</u>	<u>\$ 46,868</u>	<u>\$ 40,405</u>

7. ACQUISITION

On May 21, 2007, the Company completed its acquisition of Rx Pro Health, a leading provider of pharmacy staffing, workforce technology solutions, and online educational services for hospital-based and retail pharmacies and pharmaceutical companies. The strategic combination has broadened the type of services the Company offers and will allow the Company to provide a more comprehensive staffing solution to clients. Total purchase price was \$5.5 million, which included \$5.2 million cash consideration and \$0.3 million of direct transaction costs. The acquisition agreement also provides for annual performance-based contingent earn-out payments totaling up to \$12 million over the next three years. The allocation of the purchase price consisted of \$0.1 million of net assets acquired, \$2.2 million of deferred tax liabilities assumed, \$2.7 million of goodwill and \$4.9 million of identified intangible assets. The intangible assets included the fair value of trademarks, tradenames, customer relationships, non-compete agreements, online courses, staffing databases and acquired technology. The weighted average useful life of the intangible assets is approximately 10 years. The acquisition was recorded using the purchase method of accounting. The results of operations of Rx Pro Health are included in the nurse and allied healthcare staffing segment in the Company's consolidated financial statements from the acquisition date.

8. INCOME TAXES

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), on January 1, 2007. As a result of the implementation, the Company recognized an increase of \$532,000 to reserves for uncertain tax positions, which was accounted for as a decrease to the January 1, 2007 balance of retained earnings. As of the date of adoption, the liability for income taxes associated with uncertain tax positions totaled \$6,172,000, including interest and penalties. If recognized, approximately \$3,290,000 of the \$6,172,000 FIN 48 liability would affect the Company's effective tax rate, and the remaining \$2,882,000 would be treated as a reduction to goodwill. Of the total liability of \$6,172,000, \$3,531,000 relates to uncertain tax positions taken in fiscal years resulting in net operating losses in such years, therefore the liability was presented as a reduction of the related deferred tax asset. In conjunction with adoption of FIN 48, the Company also reclassified the FIN 48 liabilities from income taxes payable to other long-term liabilities. The Company is

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projecting that it will fully utilize the net operating losses in fiscal 2007. In addition, the Company has sufficient taxable income through September 30, 2007 to fully utilize its net operating losses. Therefore, this \$3,531,000 of uncertain tax positions has been recorded to the FIN 48 liability and no longer results in a reduction to the deferred tax asset at September 30, 2007. The total FIN 48 liability is \$6,804,000 as of September 30, 2007.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of January 1, 2007, the Company has approximately \$426,000 of accrued interest and penalties related to uncertain tax positions.

The Company is subject to taxation in the United States and in various states and foreign jurisdictions. The Company's tax years for 2004 and 2005 are currently under examination by the Internal Revenue Service (IRS). With few exceptions, the Company is no longer subject to U.S. federal, state, local or foreign examinations by tax authorities for years before 2002, although carryforward attributes that were generated prior to 2002 may still be adjusted upon examination by the IRS if they either have been or will be utilized in a future period.

The Company does not foresee material changes to its gross FIN 48 liability within the next twelve months.

9. STOCK REPURCHASE

During August 2007, the Company repurchased 1 million shares of its common stock at an average price of \$18.48 per share, resulting in an aggregate purchase price of \$18.5 million.

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

The following discussion should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto and other financial information included elsewhere herein and in our Annual Report on Form 10-K for the year ended December 31, 2006. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements."

Overview

We are the largest healthcare staffing company in the United States. As the largest nationwide provider of travel nurse staffing services, locum tenens (temporary physician staffing) and physician permanent placement services and a leading provider of allied healthcare professionals, we recruit physicians, nurses, and allied healthcare professionals (our "healthcare professionals") nationally and internationally and place them on assignments of variable lengths and in permanent positions at acute-care hospitals, physician practice groups and other healthcare settings, including rehabilitation centers, radiology imaging facilities, dialysis clinics and pharmacies throughout the United States.

For the three months ended September 30, 2007, we recorded revenue of \$300.3 million, as compared to revenue of \$282.7 million for the three months ended September 30, 2006. We recorded net income of \$10.1 million for the three months ended September 30, 2007, as compared to net income of \$9.5 million for the three months ended September 30, 2006. For the nine months ended September 30, 2007, we recorded revenue of \$878.1 million, as compared to revenue of \$798.2 million for the nine months ended September 30, 2006. We recorded net income of \$27.5 million for the nine months ended September 30, 2007, as compared to net income of \$25.0 million for the nine months ended September 30, 2006.

Our staffing services are marketed primarily to two distinct customer groups: (1) healthcare professionals and (2) hospitals, physician practice groups and other healthcare centers. We use a multi-brand recruiting strategy to enhance our ability to successfully attract healthcare professionals in the United States and internationally. We market our staffing opportunities to healthcare professionals under recruitment brands that include American Mobile Healthcare[®], Medical ExpressSM, NurseChoice[®], NursesRx[®], Preferred Healthcare Staffing[®], Med TravelersSM, Rx Pro HealthSM, RN Demand[®], O'Grady Peyton International[®], Staff Care[®] and Merritt, Hawkins & Associates[®]. Each brand has a distinct clinician focus, market strength and brand reputation.

At the end of September 30, 2007, we had healthcare professionals on assignment at over 2,000 different clients. We provide services mainly to acute-care and sub-acute healthcare facilities, physician groups, dialysis centers, clinics, radiology imaging facilities and retail and mail-order pharmacies. We market our travel nursing services to hospitals and healthcare facilities generally under one brand, AMN Healthcare[®], as a single staffing provider with access to healthcare professionals from several nurse recruitment brands. We market our locum tenens and physician permanent placement services under the brand names Staff Care and Merritt, Hawkins & Associates, respectively, and market our allied healthcare staffing services to healthcare professionals under the brand names Med Travelers and Rx Pro Health, the pharmacy staffing company that we acquired in May 2007.

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

Physicians, nurses and allied healthcare professionals choose temporary assignments for a wide variety of reasons that include: seeking flexible work opportunities, exploring different areas of the country, building their

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clinical skills and resume by working at prestigious healthcare facilities, escaping the demands and political environment of working as permanent staff, working through life and career transitions, and as a means of access into a permanent staff position with our clients.

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

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

This demand and the significant overlap of clients seeking both temporary and permanent placement services provide us an opportunity to cross-sell these complementary physician staffing services.

Recent Trends

According to Staffing Industry Analysts, the U. S. temporary healthcare staffing industry revenues is expected to grow by 7% in 2007 to \$11.4 billion. The industry revenue estimates for the markets in which we provide temporary healthcare staffing services are travel nursing (\$2.5 billion market), locum tenens (\$1.6 billion market) and allied healthcare (\$3.2 billion market).

Our nurse and allied healthcare staffing segment, the Company's largest reporting segment, experienced a strong demand and tight supply environment during 2005 and early 2006. We are currently experiencing a lessening of demand in certain key regions, such as California, and specialties as reported generally in the industry, which has been partially offset by increased demand in other parts of the country. The lower demand that we are currently experiencing in certain states is being driven by several factors, such as relatively flat anticipated hospital admission levels, the aggressive hiring of new graduates and efforts by hospitals to increase efforts on recruiting permanent labor.

Notwithstanding the moderation in demand, our supply of healthcare professionals continues to be constrained relative to the demands of our healthcare facility clients. Internationally trained nurses represent an important supply channel, comprising roughly 15% of newly licensed nurses. We recruit nurses from international channels through our O'Grady Peyton International (OGP Int'l) brand to meet our facility clients' long-term staffing needs. Currently, revenue from OGP Int'l is roughly 5% of our consolidated revenue. Our continued utilization of this international supply channel is reliant upon an increase or exemption from current permanent immigrant visa quotas. Effectively, since late 2006, there have been no permanent immigrant visas available for nurses overseas as a result of these quotas, which could gradually limit our ability to place any new international travelers on assignment.

In addition to these demand and supply dynamics, we have experienced fluctuations in direct costs this year associated with the placement of temporary nurse and allied professionals, due in part to housing and health insurance costs.

Locum tenens physicians are used by hospitals, healthcare facilities and physician practice groups to fill temporary vacancies created by vacations and leave schedules, and increasingly, to bridge the staffing gap while

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these clients seek permanent candidates. Staffing Industry Analysts estimates the locum tenens market to be the fastest-growing segment of the healthcare staffing industry. The demand environment for locum tenens services continues to be strong, and socioeconomic factors, such as increased physician emphasis on job and lifestyle flexibility, suggest a growing number of physicians are embracing locum tenens as a practice style.

The physician permanent placement services segment also continues to experience a strong demand environment that has driven growth in this segment of our business over the past year. As with our locum tenens business, the supply of physicians is insufficient to meet the demands of our clients seeking a physician to join their practice or staff.

Critical Accounting Principles and Estimates

We have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements. The preparation of our financial statements in conformity with United States generally accepted accounting principles requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to asset impairment, accruals for self-insurance and compensation and related benefits, allowance for doubtful accounts, contingencies and litigation and share-based payments. We state these accounting policies in the notes to the audited financial statements for the year ended December 31, 2006, contained in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and in relevant sections in this discussion and analysis. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions.

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

Goodwill and Intangible Assets

We have recorded goodwill and other indefinite lived intangible assets resulting from our past acquisitions. Commencing with the adoption of SFAS No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, we ceased amortizing goodwill and have performed annual impairment analyses each year to assess the recoverability of the goodwill and other indefinite lived intangible assets, in accordance with the provisions of SFAS No. 142. We performed the most recent annual impairment test on October 31, 2006 and determined there was no impairment. As of September 30, 2007, we performed an impairment test on our OGP Int'l reporting unit under our nurse and allied healthcare staffing segment due to the fact that there are currently no permanent immigrant visas available for nurses overseas, which could potentially impact the future revenue of this reporting unit. As a result of the test, we concluded no impairment exists as of September 30, 2007 for our OGP Int'l reporting unit. Other than the OGP Int'l reporting unit, no events have occurred subsequent to October 31, 2006 that indicate impairment may have occurred on the rest of the reporting units.

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

If we are required to record an impairment charge in the future, it could have an adverse impact on our results of operations. As of September 30, 2007 and December 31, 2006, we had \$243.7 million and \$240.7 million, respectively, of goodwill, net of accumulated amortization, and \$114.5 million and \$112.1 million, respectively, of net intangible assets recorded on our consolidated balance sheets. The increases in goodwill and intangible assets were primarily due to the acquisition of Lifework, Inc. and its wholly-owned subsidiaries ("Rx Pro Health") in May 2007.

Professional Liability Reserve

We maintain an accrual for professional liability self-insured retention limits, which is included in accounts payable and accrued expenses and other long term liabilities in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends, loss reserves established by our insurance carriers, management and third party administrators, as well as through the use of independent actuarial studies. For the nurse and allied healthcare staffing segment, we obtain updated actuarial studies on a regular basis that use our historical claims data and industry data to determine the appropriate reserves for incurred, but not reported, professional liability claims for each year, with reserves for reported claims based upon loss reserves established by management and our third party administrators. For the locum tenens staffing segment, we obtain updated actuarial studies on a regular basis that primarily utilize industry data to determine the appropriate reserves for both reported claims and incurred, but not reported, claims. As of September 30, 2007 and December 31, 2006, we had \$16.5 million and \$14.5 million, respectively, accrued for professional liability retention, of which \$2.4 million and \$2.0 million, respectively, was classified as a current liability. The increase in the professional liability accrual was primarily related to an increase in expected claims incurred, but not reported in our locum tenens segment during the nine months ended September 30, 2007, partially offset by payments made during the period.

Self-Insured Health Insurance Claims Reserve

We maintain an accrual for incurred, but not reported, claims arising from self-insured health benefits we provide to our temporary nurse and allied healthcare professionals and corporate employees, which is included in accrued compensation and benefits in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends related to both health insurance claims and payments, information provided to us by our insurance broker and third party administrator and industry experience and trends. If such information indicates that our accruals are overstated or understated, we reduce or provide for additional accruals. Our accrual at September 30, 2007 was based on (i) a monthly average of our actual historical health insurance claim amounts and (ii) the average period of time from the date the claim is incurred to the date that it is reported to us and paid. We believe this is the best estimate of the amount of incurred, but not reported, self-insured health benefit claims. As of September 30, 2007 and December 31, 2006, we had \$3.5 million and \$2.0 million, respectively, accrued for incurred, but not reported health insurance claims. The increase in the accrual was primarily due to a combination of an increase in the number of plan participants due to the inclusion of corporate employees beginning January 1, 2007 and unfavorable trends in insurance claims paid. Historically, our accrual for health insurance has been adequate to provide for incurred claims and has fluctuated with increases or decreases in the average number of plan participants, changes in our claims experience and changes in the reporting and payment processing time for claims.

Workers Compensation Reserve

We maintain an accrual for workers compensation self-insured retention limits, which is included in accrued compensation and benefits and other long term liabilities in our consolidated balance sheets. We determine the adequacy of these accruals by evaluating our historical experience and trends, loss reserves established by our insurance carriers and third party administrators, as well as through the use of independent actuarial studies. We obtain updated actuarial studies on a semi-annual basis that use our payroll and actual claims data, as well as industry data, to determine the appropriate reserve both for reported claims and incurred, but not reported, claims for each policy year. The actuarial study for workers compensation provides us with the estimated losses for prior policy years and an estimated percentage of payroll compensation to be accrued for the current year. We record our accruals based on the amounts provided in the actuarial study, and we believe this is the best estimate of our liability for reported claims and incurred, but not reported, claims. We had \$9.3 million accrued for workers compensation claims at each of September 30, 2007 and December 31, 2006, of which \$2.7 million and \$2.8 million, respectively, was classified as a current liability.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated credit losses resulting from collection risks, including the inability of our customers to make required payments. This results in a provision for bad debt expense. The allowance for doubtful accounts is reported as a reduction of accounts receivable in our consolidated balance sheets. We determine the adequacy of this allowance by evaluating historical delinquency and write-off trends, the financial condition and credit risk and histories of each customer, historical payment trends and current economic conditions. If the financial condition of our customers deteriorates, resulting in an impairment of their ability to make payments, additional allowances would be provided. As of September 30, 2007 and December 31, 2006, our allowance for doubtful accounts was \$2.9 million and \$3.3 million, respectively. The decrease was primarily related to positive trends in our client collections experience.

Contingent Liabilities

We are subject to various claims and legal actions in the ordinary course of our business. Some of these matters include payroll and employee-related matters and investigations by governmental agencies regarding our employment practices. As we become aware of such claims and legal actions, we provide accruals if the exposures are probable and estimable. If an adverse outcome of such claims and legal actions is reasonably possible, we assess materiality and provide disclosure, as appropriate. We may also become subject to claims, governmental inquiries and investigations, and legal actions relating to services provided by our temporary healthcare professionals, and we maintain accruals for these matters if the amounts are probable and estimable. We currently are not aware of any such pending or threatened litigation that would be considered reasonably likely to have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Share-Based Payments

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

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Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	73.4	72.9	74.1	73.1
Gross profit	26.6	27.1	25.9	26.9
Selling, general and administrative	18.6	19.1	18.5	19.3
Depreciation and amortization	1.0	0.9	1.0	1.0
Income from operations	7.0	7.1	6.4	6.6
Interest expense, net	1.0	1.5	1.1	1.6
Income before income taxes	6.0	5.6	5.3	5.0
Income tax expense	2.6	2.2	2.2	1.9
Net income	3.4%	3.4%	3.1%	3.1%

Comparison of Results for the Three Months Ended September 30, 2007 to the Three Months Ended September 30, 2006

Revenue. Revenue increased 6%, to \$300.3 million for the three months ended September 30, 2007 from \$282.7 million for the same period in 2006, primarily due to an increase in the number of days filled by healthcare professionals in the locum tenens staffing segment and an increase in average bill rates.

Nurse and allied healthcare staffing segment revenue increased 1%, to \$204.1 million for the three months ended September 30, 2007 from \$201.9 million for the same period in 2006. Of the \$2.2 million increase, \$4.1 million was attributable to the increase in revenue generated per temporary healthcare professional due primarily to an increase in the average bill rates charged to hospital and healthcare facility clients, \$1.0 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and \$2.5 million was attributable to the acquisition of Rx Pro Health in May 2007. The increases were partially offset by a \$5.4 million decrease attributable to a decrease in the average number of temporary healthcare professionals on assignment.

Locum tenens staffing segment revenue increased 21%, to \$83.0 million for the three months ended September 30, 2007 from \$68.5 million for the same period in 2006. Of the \$14.5 million increase, \$7.9 million was attributable to an increase in the number of days filled by healthcare professionals during the three months ended September 30, 2007, and \$6.6 million was attributable to a combination of bill rate increases and a shift in the mix of healthcare specialties worked.

Physician permanent placement services segment revenue increased 7%, to \$13.2 million for the three months ended September 30, 2007 from \$12.3 million for the same period in 2006.

Cost of Revenue. Cost of revenue increased 7%, to \$220.5 million for the three months ended September 30, 2007 from \$206.0 million for the same period in 2006, primarily due to an increase in the number of days filled by healthcare professionals in the locum tenens staffing segment and an increase in housing and health insurance costs in the nurse and allied healthcare staffing segment.

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Nurse and allied healthcare staffing segment cost of revenue increased 3%, to \$154.7 million for the three months ended September 30, 2007 from \$150.7 million for the same period in 2006. Of the \$4.0 million increase, \$6.0 million was attributable to net increases in compensation, primarily related to wages, housing and health insurance costs provided to our temporary healthcare professionals, \$0.8 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and \$1.3 million was attributable to the acquisition of Rx Pro Health in May 2007. The increases were partially offset by a \$4.1 million decrease attributable to a decrease in the average number of temporary healthcare professionals on assignment.

Locum tenens staffing segment cost of revenue increased 20%, to \$60.6 million for the three months ended September 30, 2007 from \$50.5 million for the same period in 2006. Of the \$10.1 million increase, \$5.9 million was attributable to an increase in the number of days filled by healthcare professionals during the three months ended September 30, 2007, with the remaining \$4.2 million attributable to a combination of an increase in compensation provided to our healthcare professionals and a shift in the mix of physician specialties worked.

Physician permanent placement services segment cost of revenue increased 8%, to \$5.2 million for the three months ended September 30, 2007 from \$4.8 million for the same period in 2006.

Gross Profit. Gross profit increased 4%, to \$79.7 million for the three months ended September 30, 2007 from \$76.7 million for the same period in 2006, representing gross margins of 26.6% and 27.1%, respectively. Gross margin by reportable segment for the three months ended September 30, 2007 and 2006 was 24.2% and 25.4% for nurse and allied healthcare staffing, 27.0% and 26.2% for locum tenens staffing and 60.2% and 60.7% for physician permanent placement services, respectively. The decrease in the nurse and allied healthcare staffing segment gross margin was primarily attributable to an increase in housing costs, and the increase in the locum tenens staffing segment gross margin was primarily attributable to bill rate increases.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 3%, to \$55.8 million for the three months ended September 30, 2007 from \$54.1 million for the same period in 2006. The increase was primarily attributable to increases in professional liability insurance costs, stock-based compensation expense and additional expenses since the acquisition of Rx Pro Health in May 2007. The increases were partially offset by decreases in professional services expense, travel and marketing expenses. Selling, general and administrative expenses by reportable segment for the three months ended September 30, 2007 and 2006, respectively, were \$35.7 million and \$36.9 million for nurse and allied healthcare staffing, \$15.0 million and \$13.2 million for locum tenens staffing and \$5.1 million and \$4.0 million for physician permanent placement services.

Depreciation and Amortization Expenses. Amortization expense increased 25%, to \$1.0 million for the three months ended September 30, 2007 from \$0.8 million for the same period in 2006, with the increase primarily attributable to the amortization of identifiable amortizable intangible assets acquired through the acquisition of Rx Pro Health in May 2007. Depreciation expense increased to \$2.0 million for the three months ended September 30, 2007 from \$1.8 million for the same period in 2006, with the increase primary attributable to additional internally developed software.

Interest Expense, Net. Interest expense, net, was \$3.1 million for the three months ended September 30, 2007 as compared to \$4.2 million for the same period in 2006. The \$1.1 million decrease was primarily attributable to lower average debt outstanding balance for the three months ended September 30, 2007 as compared to the same period in 2006.

Income Tax Expense. Income tax expense increased to \$7.8 million for the three months ended September 30, 2007 from \$6.3 million for the same period in 2006, reflecting effective income tax rates of 43.7% and 40.1% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to a \$0.6 million income tax related reserve adjustment recorded during three months ended September 30, 2007.

Comparison of Results for the Nine Months Ended September 30, 2007 to the Nine Months Ended September 30, 2006

Revenue. Revenue increased 10%, to \$878.1 million for the nine months ended September 30, 2007 from \$798.2 million for the same period in 2006, primarily due to an increase in the average number of temporary healthcare professionals on assignment and an increase in average bill rates.

Nurse and allied healthcare staffing segment revenue increased 8%, to \$605.4 million for the nine months ended September 30, 2007 from \$561.1 million for the same period in 2006. Of the \$44.3 million increase, \$19.4 million was attributable to an increase in the average number of temporary healthcare professionals on assignment, \$17.3 million was attributable to the increase in revenue generated per temporary healthcare professional due primarily to an increase in the average bill rates charged to hospital and healthcare facility clients, \$4.2 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and \$3.4 million was attributable to the acquisition of Rx Pro Health in May 2007.

Locum tenens staffing segment revenue increased 17%, to \$234.3 million for the nine months ended September 30, 2007 from \$200.0 million for the same period in 2006. Of the \$34.3 million increase, \$23.1 million was attributable to an increase in the number of days filled by healthcare professionals during the nine months ended September 30, 2007, and \$11.2 million was attributable to a combination of bill rate increases and a shift in the mix of healthcare specialties worked.

Physician permanent placement services segment revenue increased 4%, to \$38.4 million for the nine months ended September 30, 2007 from \$37.1 million for the same period in 2006.

Cost of Revenue. Cost of revenue increased 12%, to \$650.9 million for the nine months ended September 30, 2007 from \$583.2 million for the same period in 2006, primarily due to an increase in compensation provided to our temporary healthcare professionals and an increase in housing and health insurance costs.

Nurse and allied healthcare staffing segment cost of revenue increased 10%, to \$462.5 million for the nine months ended September 30, 2007 from \$421.3 million for the same period in 2006. Of the \$41.2 million increase, \$21.4 million was attributable to net increases in compensation, primarily related to wages, housing and health insurance, provided to our temporary healthcare professionals, \$14.6 million was attributable to the increase in the average number of temporary healthcare professionals on assignment, \$3.4 million was attributable to a shift in the mix of temporary healthcare professionals working on flat rate contracts to hours and days worked contracts, and \$1.8 million was attributable to the acquisition of Rx Pro Health in May 2007.

Locum tenens staffing segment cost of revenue increased 18%, to \$173.4 million for the nine months ended September 30, 2007 from \$147.2 million for the same period in 2006. Of the \$26.2 million increase, \$16.7 million was attributable to an increase in the number of days filled by healthcare professionals during the nine months ended September 30, 2007, with the remaining \$9.5 million attributable to an increase in compensation provided to our healthcare professionals and a shift in the mix of physician specialties worked.

Physician permanent placement services segment cost of revenue increased 2%, to \$15.0 million for the nine months ended September 30, 2007 from \$14.7 million for the same period in 2006.

Gross Profit. Gross profit increased 6%, to \$227.2 million for the nine months ended September 30, 2007 from \$215.0 million for the same period in 2006, representing gross margins of 25.9% and 26.9%, respectively. Gross margin by reportable segment for the nine months ended September 30, 2007 and 2006 was 23.6% and 24.9% for nurse and allied healthcare staffing, 26.0% and 26.4% for locum tenens staffing and 61.1% and 60.5% for physician permanent placement services, respectively. The decrease in the nurse and allied healthcare staffing

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segment gross margin was primarily attributable to an increase in housing costs and health insurance claims, and the decrease in the locum tenens staffing segment gross margin was primarily attributable to an increase in compensation provided to our temporary healthcare professionals.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 5%, to \$162.3 million for the nine months ended September 30, 2007 from \$154.3 million for the same period in 2006. The increase was primarily attributable to increases in employee expenses due to increased headcount, office expenses, stock-based compensation expense and additional expenses since the acquisition of Rx Pro Health in May 2007. The increases were partially offset by decreases in professional liability insurance costs, professional services, travel and marketing expenses. Selling, general and administrative expenses by reportable segment for the nine months ended September 30, 2007 and 2006, respectively, were \$105.4 million and \$102.3 million for nurse and allied healthcare staffing, \$42.5 million and \$38.5 million for locum tenens staffing and \$14.4 million and \$13.5 million for physician permanent placement services.

Depreciation and Amortization Expenses. Amortization expense increased to \$2.6 million for the nine months ended September 30, 2007 from \$2.3 million for the same period in 2006. The increase was primarily attributable to the amortization of identifiable amortizable intangible assets recorded as a result of the acquisition of Rx Pro Health in May 2007. Depreciation expense increased to \$5.9 million for the nine months ended September 30, 2007 from \$5.3 million for the same period in 2006, with the increase primary attributable to additional internally developed software.

Interest Expense, Net. Interest expense, net, was \$9.5 million for the nine months ended September 30, 2007 as compared to \$12.7 million for the same period in 2006. The \$3.2 million decrease was primarily attributable to lower average debt outstanding balance for the nine months ended September 30, 2007 as compared to the same period in 2006, and additional imputed interest expense recorded in the nine months ended September 30, 2006 related to the acquisition of the MHA Group, Inc.

Income Tax Expense. Income tax expense increased to \$19.3 million for the nine months ended September 30, 2007 from \$15.4 million for the same period in 2006, reflecting effective income tax rates of 41.3% and 38.0% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to a \$0.8 million estimated tax benefit recorded during the nine months ended September 30, 2006 from the adjustment of deferred taxes due to enacted Texas tax legislation and a \$0.6 million income tax related reserve adjustment recorded during the nine months ended September 30, 2007.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facility. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facility. At September 30, 2007, \$157.1 million was outstanding under our credit facility. We believe that cash generated from operations and available borrowings under our revolving credit facility will be sufficient to fund our operations for at least the next 12 months. We expect to be able to finance future acquisitions either with cash provided from operations, borrowings under our revolving credit facility, bank loans, debt or equity offerings, or some combination of the foregoing. The following discussion provides further details of our liquidity and capital resources.

Operating Activities:

Historically, our principal working capital need has been for accounts receivable. At September 30, 2007, our days sales outstanding (“DSO”) was 60 days. At September 30, 2006, our DSO was 59 days and at December 31, 2006, our DSO was 63 days. The increase in DSO compared to September 30, 2006 was due in part to delays in our cash receipt cycle as a result of an increase in the number of our nurse and allied healthcare clients utilizing vendor management arrangements. The decrease in DSO compared to December 31, 2006 was

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due primarily to an improvement in collection efforts during the nine months ended September 30, 2007. Our principal sources of cash to fund our working capital needs are cash generated from operating activities. Net cash provided by operations increased \$8.4 million from \$45.9 million in the nine months ended September 30, 2006 to \$54.3 million in the nine months ended September 30, 2007. This increase in net cash provided by operations was primarily driven by increased earnings and cash collected on accounts receivable during the nine months ended September 30, 2007, partially offset by income tax related decreases and decreases in accrued compensation and benefits, accounts payable and other accrued expenses, increases in prepaid expenses, deposits and other assets.

Investing Activities:

Our business acquisition expenditures were \$5.5 million during the nine months ended September 30, 2007, compared to \$36.0 million during the nine months ended September 30, 2006, the majority of which related to the cash portion of the earnout payment for our November 2005 acquisition of MHA. Of the \$5.5 million of expenditures during the nine months ended September 30, 2007, we paid \$5.2 million cash consideration for the acquisition of Rx Pro Health in May 2007, which was paid with cash provided by operations. The remaining \$0.3 million related to transaction costs incurred for the acquisition.

We continue to have relatively low capital investment requirements. Capital expenditures were \$6.5 million and \$6.7 million for the nine months ended September 30, 2007 and 2006, respectively. For the first nine months of 2007, our capital expenditures were \$5.2 million for purchased and internally developed software and \$1.3 million for computers, furniture and equipment and other expenditures. We expect our future capital expenditure requirements to be similar to those during the nine months ended September 30, 2007.

Financing Activities:

Our credit facility, the Second Amended and Restated Credit Agreement (“Credit Agreement”), provides for, among other things, a \$75.0 million secured revolving credit facility, a \$30.0 million letter of credit sub-facility, a \$15.0 million swing-line sub-facility, all maturing in November 2010, and a \$235.0 million secured term loan facility maturing in November 2011. The secured term loan facility was used primarily to fund our acquisition of MHA in November 2005, pay off then-existing borrowings, and repurchase shares of our common stock in May 2006. On July 6, 2007, we entered into a Second Amendment (the “Second Amendment”) to our Credit Agreement. The Second Amendment provided that we may repurchase our common stock in an aggregate cash amount not to exceed \$25 million, provided that no default or event of default exists either before or after giving effect to such restricted payment and such repurchase occurs on or before September 30, 2007. We completed the repurchase of 1 million shares at an average purchase price of \$18.48 per share during August 2007, resulting in an aggregate purchase price of \$18.5 million.

The revolving credit facility portion of our Credit Agreement carries an unused fee of between 0.5% and 0.375% per annum based on our then current leverage ratio, and there are no mandatory reductions in the revolving commitment under the revolving credit facility. Borrowings under this revolving credit facility bear interest at floating rates based upon either a LIBOR or a prime interest rate option selected by us, plus a spread of 1.50% to 2.25% and 0.50% to 1.25%, respectively, to be determined based on our then current leverage ratio. Amounts available under our revolving credit facility may be used for working capital, capital expenditures, permitted acquisitions and general corporate purposes, subject to various limitations. We paid off the \$1.6 million outstanding revolving credit balance during the three months ended March 31, 2007.

The term loan portion of our Credit Agreement is subject to quarterly amortization of principal (in equal installments), with an amount equal to 1.25% of the initial aggregate principal amount of the facility payable quarterly through September 30, 2007 (except in the case of the initial quarterly payment on June 30, 2006 of 2.5%) and 2.5% of the initial aggregate principal amount of the facility payable quarterly from December 31, 2007 through September 30, 2010 with any remaining amounts payable in 2011. The term loan portion of our

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credit facility bears interest, at our option, at either LIBOR plus 1.75% or the Base Rate plus 0.75%. Voluntary prepayments of the term loan portion of the credit facility are applied as we may elect, including ratably to the remaining quarterly principal amortization payments. In September 2007, we made a voluntary prepayment of \$8 million, which was applied ratably to the remaining quarterly amortization payments. In connection with the voluntary payment, we wrote off \$0.1 million of deferred financing costs, which were recorded in interest expense. In March, June and September 2007, we made the quarterly principal amortization payments of \$2.3 million, \$2.3 million and \$2.2 million, respectively. The September amortization payment was reduced due to the application of the recent voluntary prepayment.

We are required to make additional mandatory prepayments on the term loan with the proceeds of asset dispositions, extraordinary receipts, debt issuances and certain equity issuances. We also are required to make mandatory prepayments on the term loan within ninety days after the end of each fiscal year, which commenced in the fiscal year ended December 31, 2006, in an amount equal to 50% of our excess cash flow (as defined in the Credit Agreement), less any voluntary prepayments made during the fiscal year. These mandatory prepayment amounts, if any, are applied ratably to the remaining quarterly amortization payments. The voluntary prepayments made throughout the year satisfied this additional prepayment requirement for the year ended December 31, 2006.

We are required to maintain a maximum leverage ratio, based on EBITDA and funded indebtedness as defined in the Credit Agreement, as of the end of each fiscal quarter of not more than 3.25 to 1.00 for the fiscal quarter ending September 30, 2007, decreasing throughout the term of the agreement to ultimately arrive at a ratio of 2.00 to 1.00 for the fiscal quarter ending March 31, 2009 and thereafter. We are also required to maintain a minimum fixed charge coverage ratio, based on EBITDA and debt and interest payments as defined in the Credit Agreement, as of the end of each fiscal quarter of not less than 1.50 to 1.00 for the fiscal quarter ending September 30, 2007, decreasing throughout the term of the agreement to ultimately arrive at a ratio of 1.25 to 1.00 for the fiscal quarter ending September 30, 2008 and thereafter. We are also subject to limitations on the amount of our annual capital expenditures and on the amount of consolidated total assets and consolidated EBITDA that may be owned or attributable to our foreign subsidiaries. We were in compliance with these requirements at September 30, 2007.

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

We are also required to maintain interest rate protection on at least 50% of the term loan portion of our Credit Agreement beginning November 2006 until May 2009. As of September 30, 2007, we maintained four interest rate swap agreements with notional amounts totaling \$90 million. We pay fixed rates ranging from 4.82% to 4.95% under these agreements and receive a floating three-month LIBOR. The agreements expire beginning December 2007 through December 2009, and no initial investments were made to enter into these agreements.

At September 30, 2007 and December 31, 2006, the interest rate swap agreements had a fair value of (\$0.4) million and \$0.5 million, respectively, which is included in other assets and liabilities in the accompanying consolidated balance sheets. We have formally documented the hedging relationships and account for these arrangements as cash flow hedges.

As of September 30, 2007 and December 31, 2006, our credit facility also served to collateralize certain letters of credit aggregating \$20.0 million and \$19.5 million, respectively, issued by us in the normal course of business.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and staffing needs of our hospital, healthcare facility and other clients and due to the seasonal preferences for destinations of our temporary healthcare professionals, revenue, earnings and the number of temporary healthcare professionals on assignment are subject to moderate seasonal fluctuations. Many of our hospital and healthcare facility clients are located in areas that experience seasonal fluctuations in population during the winter and summer months. These facilities adjust their staffing levels to accommodate the change in this seasonal demand and many of these facilities utilize temporary healthcare professionals to satisfy these seasonal staffing needs. This historical seasonality of revenue and earnings may vary due to a variety of factors and the results of any one quarter are not necessarily indicative of the results to be expected for any other quarter or for any year.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 (SFAS No. 157), *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures related to fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, SFAS No. 157 does not require any new fair value measurements. However, for some entities, the application of this Statement will change current practice. We are required to adopt SFAS No. 157 beginning January 1, 2008, and we do not expect the adoption will have a material effect on our consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 (SFAS No. 159), *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115*. This statement permits, but does not require, entities to measure certain financial instruments and other assets and liabilities at fair value on an instrument-by-instrument basis. Unrealized gains and losses on items for which the fair value option has been elected should be recognized in earnings at each subsequent reporting date. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, and cannot be adopted early unless SFAS No. 157 is also adopted. We are required to adopt SFAS No. 159 beginning January 1, 2008, and we do not expect the adoption will have a material effect on our consolidated financial statements.

Special Note Regarding Forward-Looking Statements

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

- our ability to continue to recruit qualified temporary and permanent healthcare professionals at reasonable costs;
- our ability to retain qualified temporary healthcare professionals for multiple assignments at reasonable costs;
- our ability to attract and retain sales and operational personnel;

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- our ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks and physician practice groups on terms attractive to us and to secure orders related to those contracts;
- our ability to demonstrate the value of our services to our healthcare and facility clients;
- our ability to maintain and enhance the brand identities we have developed, at reasonable costs;
- changes in the timing of hospital, healthcare facility and physician practice group clients' orders for temporary healthcare professionals;
- the general level of patient occupancy at our hospital and healthcare facility clients' facilities;
- the overall level of demand for services offered by temporary and permanent healthcare staffing providers;
- the ability of our hospital, healthcare facility and physician practice group clients to retain and increase the productivity of their permanent staff;
- the variation in pricing of the healthcare facility contracts under which we place temporary healthcare professionals;
- our ability to successfully design our strategic growth, acquisition and integration strategies, and to implement those strategies, including integration of acquired companies' accounting, management information, human resource and other administrative systems, and implementation or remediation of controls, procedures and policies at acquired companies;
- our ability to leverage our cost structure;
- access to and uninterrupted performance of our management information and communication systems, including use of the Internet, and our candidate and client databases and payroll and billing software systems;
- our ability to keep our web sites operational at a reasonable cost and without service interruptions;
- the effect of existing or future government legislation and regulation;
- our ability to grow and operate our business in compliance with legislation and regulations;
- the challenge to the classification of certain of our healthcare professionals as independent contractors;
- the impact of medical malpractice and other claims asserted against us;
- the impact on our earnings related to share-based payment awards due to changes in accounting rules;
- the disruption or adverse impact to our business as a result of a terrorist attack;
- our ability to carry out our business strategy and maintain sufficient cash flow and capital structure to support our business;
- the loss of key officers and management personnel that could adversely affect our ability to remain competitive;
- the effect of recognition by us of an impairment to goodwill; and
- the effect of adjustments by us to accruals for self-insured retentions.

Other factors that could cause actual results to differ from those implied by the forward-looking statements in this Quarterly Report on Form 10-Q are set forth in our Annual Report on Form 10-K for the year ended December 31, 2006. We undertake no obligation to update the forward-looking statements in this filing. References in this filing to "AMN Healthcare," the "Company," "we," "us" and "our" refer to AMN Healthcare Services, Inc. and its wholly owned subsidiaries.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

During 2007 and 2006, our primary exposure to market risk was interest rate risk associated with our debt instruments. See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further description of our debt instruments. Excluding the effect of our interest rate swap arrangements, a 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately \$1.4 million and \$1.7 million during the nine months ended September 30, 2007 and 2006, respectively. Considering the effect of our interest rate swap arrangements, a 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately \$0.6 million and \$0.3 million during the nine months ended September 30, 2007 and 2006, respectively.

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

Item 4. Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of September 30, 2007 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission’s rules and forms.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

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

ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>(a) Total Number of Shares (or Units) Purchased</u>	<u>(b) Average Price Paid per Share (or Unit)</u>	<u>(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</u>	<u>(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs</u>
July 1 – 31, 2007	—	—	—	—
August 1 – 31, 2007	1,000,000	\$ 18.48	1,000,000(1)	—
September 1 – 30, 2007	—	—	—	—
Total	1,000,000	\$ 18.48	1,000,000	—

(1) On July 10, 2007, we announced that our Board had authorized us to repurchase up to 1 million shares of our outstanding common stock in the open market commencing in the third quarter of 2007. We completed the 1 million shares repurchase at an average purchase price of \$18.48 per share, or an aggregate of \$18.5 million during August 2007.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description of Document</u>
3.1	Third Amended and Restated By-laws of AMN Healthcare Services, Inc.*
4.1	Second Amendment to the Second Amended And Restated Credit Agreement, dated as of July 6, 2007, by and among AMN Healthcare, Inc., as borrower, AMN Healthcare Services, Inc., AMN Services, Inc., O’Grady-Peyton International (USA), Inc., International Healthcare Recruiters, Inc., AMN Staffing Services, Inc., The MHA Group Inc., Merritt, Hawkins & Associates, Med Travelers, Inc., RN Demand, Inc., Staff Care, Inc., MHA Allied Consulting, Inc., Med Travelers, LLC, Lifework, Inc., Pharmacy Choice, Inc., and Rx Pro Health, Inc., as guarantors, the lenders identified on the signature pages thereto and Bank of America, N.A., as administrative agent*
10.1	AMN Healthcare Equity Plan (incorporated by reference to Exhibit 1 of AMN Healthcare Services, Inc.’s Definitive Proxy Statement on Schedule 14A filed on March 14, 2007)
10.2	Form of AMN Healthcare Equity Plan Stock Appreciation Right Agreement—Director (incorporated by reference to the exhibit filed with the Registrant’s Current Report on Form 8-K dated April 13, 2006)
10.3	Form of AMN Healthcare Equity Plan Restricted Stock Unit Agreement—Director (incorporated by reference to the exhibit filed with the Registrant’s Current Report on Form 8-K dated April 13, 2006)
10.4	Form of AMN Healthcare Equity Plan Stock Appreciation Right Agreement—Officer (incorporated by reference to the exhibit filed with the Registrant’s Current Report on Form 8-K dated April 13, 2006)
10.5	Form of AMN Healthcare Equity Plan Restricted Stock Unit Agreement—Officer (incorporated by reference to the exhibit filed with the Registrant’s Current Report on Form 8-K dated April 13, 2006)
31.1	Certification by Susan R. Nowakowski pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification by David C. Dreyer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification by Susan R. Nowakowski pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification by David C. Dreyer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith.

SIGNATURES

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

Date: November 8, 2007

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. NOWAKOWSKI

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

Date: November 8, 2007

/s/ DAVID C. DREYER

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

THIRD
AMENDED AND RESTATED
BY-LAWS
of
AMN HEALTHCARE SERVICES, INC.
(A Delaware Corporation)

ARTICLE 1
DEFINITIONS

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

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

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

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

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

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

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

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

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

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

1.10 “Corporation” means AMN Healthcare Services, Inc.

1.11 “Directors” means directors of the Corporation.

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

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

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

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

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

1.17 "President" means the President of the Corporation.

1.18 "Secretary" means the Secretary of the Corporation.

1.19 "Stockholders" means stockholders of the Corporation.

1.20 "Treasurer" means the Treasurer of the Corporation.

1.21 "Vice President" means a Vice President of the Corporation.

ARTICLE 2 STOCKHOLDERS

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

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

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

2.4 *Fixing Record Date.* For the purpose of (a) determining the Stockholders entitled (i) to notice of or to vote at any meeting of Stockholders or any adjournment thereof, (ii) to express consent to corporate action in writing without a meeting, unless otherwise provided in the Certificate of Incorporation or (iii) to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock; or (b) any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date was adopted by the Board and which record date shall not be (x) in the case of clause (a)(i) above, unless otherwise required by applicable law, more than sixty (60) nor less than ten (10) days before the date of such meeting, (y) in the case of clause (a)(ii) above, more than ten (10) days after the date upon which the resolution fixing the record date was adopted by the Board and (z) in the case of clause (a)(iii) or (b) above, more than sixty (60) days prior to such action. If no such record date is fixed:

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

2.4.2 the record date for determining Stockholders entitled to express consent to corporate action in writing without a meeting (unless otherwise provided in the Certificate of Incorporation), when no prior action by the Board is required by applicable law, shall be the first day on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State

of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of Stockholders are recorded; and when prior action by the Board is required by applicable law, the record date for determining Stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action; and

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

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

2.5 Notice of Meetings of Stockholders. Whenever under the provisions of applicable law, the Certificate of Incorporation or these By-laws, Stockholders are required or permitted to take any action at a meeting, written notice shall be given stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by applicable law, the Certificate of Incorporation or these By-laws, the notice of any meeting shall be given, not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage prepaid, directed to the Stockholder at his or her address as it appears on the records of the Corporation. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice required by this Section 2.5 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, and the means of remote communications, if any, by which Stockholders and proxyholders may be deemed to be present in person and vote at such meeting are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted at the meeting as originally called. If, however, the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Stockholder of record entitled to vote at the meeting.

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

2.7 List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of Stockholders, a complete list of the Stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Stockholder and the number of shares registered in the name of each Stockholder. Such list shall be open to the examination of any Stockholder, the Stockholder's agent or attorney, at the Stockholder's expense, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network as permitted by applicable law (provided that

the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the Office of the Corporation at the election of the Secretary. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to Stockholders of the Corporation. If the meeting is to be held at a place, the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any Stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Upon the willful neglect or refusal of the Directors to produce such a list at any meeting for the election of Directors held at a place, or to open such a list to examination on a reasonably accessible electronic network during any meeting for the election of Directors held solely by means of remote communication, they shall be ineligible for election to any office at such meeting. The stock ledger shall be the only evidence as to who are the Stockholders entitled to examine the stock ledger, the list of Stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of Stockholders.

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

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

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

2.11 Conduct of Meetings.

(a) The Board may adopt by resolution such rules and regulations for the conduct of the meeting of Stockholders as it shall deem appropriate. At each meeting of Stockholders, the Chairman, or if the Chairman is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the Presiding Director (if one has been designated), or if the Presiding Director is absent, the President, or if the President is absent, the Vice President and in case more than one (1) Vice President shall be present, that Vice President designated by the Board (or in the absence of any such designation, the most senior Vice President, based on age, present), shall act as chairman of the meeting. Except to the extent inconsistent with any rules and regulations for the conduct of the meeting of Stockholders adopted by the Board, the chairman of the meeting shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules and regulations for the conduct of the meeting and to do such acts as, in the judgment of the chairman of the meeting, are appropriate for the proper conduct of the meeting. The Secretary, or in his or her absence, one of the Assistant Secretaries, shall act as secretary of the meeting. In the absence of the Secretary or one of the Assistant Secretaries, the chairman of the meeting shall appoint a person to act as secretary of the meeting. In case none of the officers above designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or a secretary of the meeting, as the case may be, shall be chosen by resolution of the Board, and in case the Board has not so acted, by a majority of the votes cast at such meeting by the holders of shares of stock present in person or represented by proxy and entitled to vote at the meeting.

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

(c) At any annual meeting of Stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting of Stockholders,

(i) business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board or (iii) otherwise properly brought before the meeting by a Stockholder who was a Stockholder of record of the Corporation at the time the notice provided for in this Section 2.11 is delivered to the Secretary, who is entitled to vote at the meeting and who complies with the applicable provisions of Section 2.11(d) hereof (business brought before the meeting in accordance with (iii) above is referred to as "Stockholder business").

(d) In addition to any other applicable requirements, (i) all nominations of Stockholder nominees must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the "Notice of Nomination") and (ii) all proposals of Stockholder business must be made by timely written notice given by or on behalf of a Stockholder of record of the Corporation (the "Notice of Business"). To be timely, the Notice of Nomination or the Notice of Business, as the case may be, must be delivered personally to, or mailed to, and received at the Office of the Corporation, addressed to the attention of the Secretary, (i) in the case of the nomination of a person for election to the Board, or business to be conducted, at an annual meeting of Stockholders, not less than sixty (60) days nor more than one hundred and thirty (130) days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the prior year's annual meeting of Stockholders, except in the case of the Corporation's first annual meeting of Stockholders as a public corporation, in which case a Notice of Nomination or Notice of Business, as the case may be, shall be delivered not less than seventy (70) nor more than one hundred and thirty (130) days prior to the scheduled date of the annual meeting, regardless of any postponement, deferral or adjournment of that meeting to a later date, or (ii) in the case of the nomination of a person for election to the Board at a special meeting of Stockholders, not less than the later of (a) ninety (90) nor more than one hundred and thirty (130) days prior to such special meeting or (b) the tenth day following the day on which the notice of such special meeting was made by mail or Public Disclosure; *provided, however*, that in the event that the annual meeting of Stockholders is advanced or delayed by more than thirty (30) days from the first anniversary of the prior year's annual meeting of Stockholders or if no annual meeting was held during the prior year, notice by the Stockholder to be timely must be received (i) no earlier than one hundred and thirty (130) days prior to such annual meeting and no later than ninety (90) days prior to such annual meeting or (ii) no later than ten (10) days following the day the notice of such annual meeting was made by mail or Public Disclosure. In no event shall the public disclosure of an adjournment or postponement of an annual or special meeting commence a new time period (or extend any time period) for the giving of the Notice of Nomination or Notice of Business, as applicable.

The Notice of Nomination shall set forth (i) the name and record address of the Stockholder and/or beneficial owner proposing to make nominations, as they appear on the Corporation's books, (ii) the class and number of shares of stock held of record and beneficially by such Stockholder and/or such beneficial owner, (iii) a representation that the Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination, (iv) all information regarding each Stockholder nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, or any successor statute thereto (the "Exchange Act"), and the written consent of each such Stockholder nominee to being named in a proxy statement as a nominee and to serve if elected and (v) all other information that would be required to be filed with the Securities and Exchange Commission if the person proposing such nominations were a participant in a solicitation subject to Section 14 of the Exchange Act or any successor statute thereto. The Corporation may require any Stockholder nominee to furnish such other information as it may reasonably require to determine the eligibility of such Stockholder nominee to serve as a Director of the Corporation. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that any proposed nomination of a Stockholder nominee was not made in accordance with the foregoing procedures and, if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

The Notice of Business shall set forth (i) the name and record address of the Stockholder and/or beneficial owner proposing such Stockholder business, as they appear on the Corporation's books, (ii) the class and number of shares of stock held of record and beneficially by such Stockholder and/or such beneficial owner, (iii) a representation that the Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such business, (iv) a brief description of the Stockholder business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the By-laws, the language of the proposed amendment, and the reasons for conducting such Stockholder business at the annual meeting, (v) any material interest of the Stockholder and/or beneficial owner in such Stockholder business and (vi) all other information that would be required to be filed with the Securities and Exchange Commission if the person proposing such Stockholder business were a participant in a solicitation subject to Section 14 of the Exchange Act. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at the annual meeting of Stockholders except in accordance with the procedures set forth in this Section 2.11(d), provided, however, that nothing in this Section 2.11(d) shall be deemed to preclude discussion by any Stockholder of any business properly brought before the annual meeting in accordance with said procedure. Nevertheless, it is understood that Stockholder business may be excluded if the exclusion of such Stockholder business is permitted by the applicable regulations of the Securities and Exchange Commission. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting, that business was not properly brought before the meeting in accordance with the foregoing procedures and, if he should so determine, he shall declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

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

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

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

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

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

corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 2.13, written consents signed by a sufficient number of holders to take action are delivered to the Corporation as aforesaid. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by applicable law, be given to those Stockholders who have not consented in writing and who, if the action had been taken at a meeting, had been Stockholders the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation. Written consent may take the form of a cablegram, telegram or other electronic transmission to the extent such written consent complies with the applicable provisions of the General Corporation Law.

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

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

ARTICLE 3

DIRECTORS

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

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

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

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

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

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

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

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

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

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

3.10 *Telephone Meetings.* Directors or members of any committee designated by the Board may participate in a meeting of the Board or of such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 shall constitute presence in person at such meeting.

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

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

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

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

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

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

3.17 *Action Without Meeting.* Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all Directors or members of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE 4
COMMITTEES OF THE BOARD

The Board may designate one or more committees, each committee to consist of one or more of the Directors. The Board may remove any Director from any committee at any time, with or without cause. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board passed as aforesaid, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be impressed on all papers that may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the Stockholders, any action or matter expressly required by the General Corporation Law to be submitted to Stockholders for approval or (ii) adopting, amending or repealing the By-laws. Unless the Board provides otherwise, at all meetings of such committee a majority of the total number of members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board provides otherwise, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article 3 of these By-laws.

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

ARTICLE 5
OFFICERS

5.1 *Positions.* The officers of the Corporation shall be a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers as the Board may appoint, including a Chairman, one or more Vice Presidents and one or more Assistant Secretaries and Assistant Treasurers, who shall exercise such powers and perform such duties as shall be determined from time to time by the Board. The Board may designate one or more Vice Presidents as Executive Vice Presidents and may use descriptive words or phrases to designate the standing, seniority or areas of special competence of the Vice Presidents elected or appointed by it. Any number of offices may be held by the same person unless the Certificate of Incorporation or these By-laws otherwise provide.

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

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

5.4 *Term of Office.* Each officer of the Corporation shall hold office for the term for which he or she is elected and until such officer's successor is chosen and qualifies or until such officer's earlier death, resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Such resignation shall take effect at the date of receipt of such notice or at such later time as is therein specified, and, unless otherwise specified, the acceptance of such resignation shall not be necessary to make it effective. The resignation of an

officer shall be without prejudice to the contract rights of the Corporation, if any. Any officer elected or appointed by the Board may be removed at any time, with or without cause, by the Board. Any vacancy occurring in any office of the Corporation shall be filled by the Board. The removal of an officer without cause shall be without prejudice to the officer's contract rights, if any. The election or appointment of an officer shall not of itself create contract rights.

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

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

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

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

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

5.10 *Vice Presidents.* At the request of the President, or, in the President's absence, at the request of the Board, the Vice Presidents shall (in such order as may be designated by the Board or, in the absence of any such designation, in order of seniority based on age) perform all of the duties of the President and, in so performing, shall have all the powers of, and be subject to all restrictions upon, the President. Any Vice President may sign and execute in the name of the Corporation deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-laws to some other officer or agent of the Corporation, or shall be required by applicable law otherwise to be signed or executed, and each Vice President shall perform such other duties as from time to time may be assigned to such Vice President by the Board, the Chief Executive Officer or the President.

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

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

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

ARTICLE 6

CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS, ETC.

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

6.2 *Loans*. The Board may prospectively or retroactively authorize the President or any other officer, employee or agent of the Corporation to effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances the person so authorized may make, execute and deliver promissory notes, bonds or other certificates or evidences of indebtedness of the Corporation, and, when authorized by the Board so to do, may pledge and

hypothecate or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board may be general or confined to specific instances, or otherwise limited.

6.3 *Checks, Drafts, Etc.* All checks, drafts and other orders for the payment of money out of the funds of the Corporation and all evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

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

ARTICLE 7 STOCK AND DIVIDENDS

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

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

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

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

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

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

7.6 *Restriction on Transfer of Stock.* A written restriction or restrictions on the transfer or registration of transfer of stock of the Corporation, or on the amount of the Corporation's stock that may be owned by any person or group of persons, if permitted by Section 202 of the General Corporation Law and noted conspicuously on the certificate or certificates representing such stock, may be enforced against the holder of the restricted stock or any successor or transferee of the holder, including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate or certificates representing such stock, a restriction, even though permitted by Section 202 of the General Corporation Law, shall be ineffective except against a person with actual knowledge of the restriction. A restriction on the transfer or registration of transfer of stock of the Corporation, or on the amount of the Corporation's stock that may be owned by any person or group of persons, may be imposed either by the Certificate of Incorporation or these By-laws or by an agreement among any number of Stockholders or among such Stockholders and the Corporation. No restrictions so imposed shall be binding with respect to stock issued prior to the adoption of the restriction unless the holders of such stock are parties to an agreement or voted in favor of the restriction.

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

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

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

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

ARTICLE 8 INDEMNIFICATION

8.1 *Indemnity Undertaking.* To the extent not prohibited by applicable law, the Corporation shall indemnify any person (a "Covered Person") who is or was made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "Proceeding"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a Director or officer of the Corporation, or, while a Director or officer of the Corporation, is or was serving at the request of the Corporation as a director or officer of any other corporation or in a capacity with

comparable authority or responsibilities for any partnership, joint venture, trust, employee benefit plan or other enterprise (an "Other Entity"), against expenses (including attorneys' fees) in the event of an action by or in the right of the Corporation and against judgments, fines, and amounts paid in settlement and expenses (including attorneys' fees), in the event of any other proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal proceeding, had no reason to believe the person's conduct was unlawful; and except that no indemnification shall be made, in the event of an action by or in the right of the Corporation, if prohibited by the General Corporation Law. Persons who are not Directors or officers of the Corporation (or otherwise entitled to indemnification pursuant to the preceding sentence) may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board at any time specifies that such persons are entitled to the benefits of this Article 8.

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

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

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

8.5 *Insurance.* The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of an Other Entity, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article 8, the Certificate of Incorporation or under Section 145 of the General Corporation Law or any other provision of law.

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

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

8.8 *Contribution*. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at the Corporation's request as a director, officer, employee or agent of any Other Entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such Other Entity.

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

ARTICLE 9

BOOKS AND RECORDS

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

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

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

ARTICLE 10

SEAL

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

ARTICLE 11

FISCAL YEAR

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

ARTICLE 12

PROXIES AND CONSENTS

Unless otherwise provided by resolution of the Board, the Chairman, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer, or any one of them, may execute and deliver on behalf of the Corporation proxies respecting any and all shares or other ownership interests of any Other Entity owned by the Corporation appointing such person or persons as the officer executing the same shall deem proper to represent and vote the shares or other ownership interests so owned at any and all meetings of holders of shares or other ownership interests, whether general or special, and/or to execute and deliver written consents respecting such shares or other ownership interests; or any of the aforesaid officers may attend any meeting of the holders of shares or other ownership interests of such Other Entity and thereat vote or exercise any or all other powers of the Corporation as the holder of such shares or other ownership interests.

ARTICLE 13

AMENDMENTS

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

**SECOND AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “*Amendment*”), dated as of July 6, 2007, is entered into among **AMN HEALTHCARE, INC.**, a Nevada corporation (the “*Borrower*”), **AMN HEALTHCARE SERVICES, INC.**, a Delaware corporation (the “*Parent*”), the Subsidiary Guarantors from time to time parties thereto, the lenders identified on the signature pages hereto (the “*Lenders*”) and **BANK OF AMERICA, N.A.**, as Administrative Agent.

WITNESSETH

WHEREAS, the Borrower, the Parent, the Subsidiary Guarantors, the Lenders party thereto, and the Administrative Agent entered into that certain Second Amended and Restated Credit Agreement dated as of November 2, 2005, as amended by that certain First Amendment to Second Amended and Restated Credit Agreement dated as of May 1, 2006 (the “*Existing Credit Agreement*”);

WHEREAS, the Borrower has requested that the Lenders amend certain provisions of the Existing Credit Agreement;

WHEREAS, the Lenders have agreed to amend the Existing Credit Agreement in accordance with such request and as provided herein; and

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:

“*Amended Credit Agreement*” means the Existing Credit Agreement as amended hereby.

“*Second Amendment*” has the meaning set forth 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.

**PART 2
AMENDMENTS TO EXISTING CREDIT AGREEMENT**

Effective on (and subject to the occurrence of) the Second Amendment Effective Date, subsection (k) of Section 8.7 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(k) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Parent or any option to acquire Capital Stock of the Parent in an aggregate cash amount not to exceed \$25,000,000 in the aggregate; *provided* that (x) no Default or Event of Default exists either before or after giving effect to such Restricted Payment and (y) such repurchase, redemption or other acquisition or retirement occurs on or before September 30, 2007, and

PART 3
CONDITIONS TO EFFECTIVENESS

SUBPART 3.1 *Second Amendment Effective Date.* This Amendment shall be and become effective as of the date hereof when all of the conditions set forth in this *Part 3* shall have been satisfied, and thereafter this Amendment shall be known, and may be referred to, as the “*Second Amendment*”.

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 Requisite Lenders, Lenders (other than Defaulting Lenders) holding in the aggregate at least a majority of the Revolving Commitments and the Administrative Agent.

SUBPART 3.3 *Fees and Expenses.* The Administrative Agent shall have received from the Borrower (i) the aggregate amount of fees and expenses payable to the Administrative Agent in connection with the consummation of the transactions contemplated hereby and (ii) all reasonable and documented 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 Existing Credit Agreement, after giving effect to this Amendment 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 *Cross-References.* References in this Amendment to any Part or Subpart are, unless otherwise specified, to such Part or Subpart of this Amendment.

SUBPART 4.3 *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 4.4 *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 Existing Credit Agreement as amended by this Amendment.

SUBPART 4.5 *Counterparts.* 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 facsimile or electronic mail shall be effective as an original and shall constitute a representation that an original shall be delivered.

SUBPART 4.6 *Governing Law.* THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SUBPART 4.7 *Acknowledgment.* The Guarantors acknowledge and consent to all of the terms and conditions of this Amendment and agree that this Amendment does not operate to reduce or discharge the Guarantors’ obligations under the Existing Credit Agreement as amended by this Amendment or the other Credit

Documents. The Guarantors further acknowledge and agree that the Guarantors have no claims, counterclaims, offsets, or defenses to the Credit Documents and the performance of the Guarantors' obligations thereunder or if the Guarantors did have any such claims, counterclaims, offsets or defenses to the Credit Documents or any transaction related to the Credit Documents, the same are hereby waived, relinquished and released in consideration of the Lenders' execution and delivery of this Amendment. Each Guarantor also hereby confirms and agrees that notwithstanding the effectiveness of this Amendment, the Collateral Documents to which each of the undersigned is a party and all of the Collateral described therein do, and shall continue to, secure the payment of all of the Credit Party Obligations.

SUBPART 4.8 *Binding Effect.* This Amendment, the Existing Credit Agreement as amended by this Amendment and the other Credit Documents embody the entire agreement between the parties and supersede all prior agreements and understandings, if any, relating to the subject matter hereof. These Credit Documents represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. Except as expressly modified and amended in this Amendment, all the terms, provisions and conditions of the Credit Documents shall remain unchanged and shall continue in full force and effect.

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.

SUBPART 4.11 *Severability.* If any provision of this Amendment is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

[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.

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

PARENT:

AMN HEALTHCARE SERVICES, INC.

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

**SUBSIDIARY
GUARANTORS:**

**AMN SERVICES, INC. (formerly known as Worldview Healthcare,
Inc.)**

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

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

By: _____ /s/ SUSAN R. NOWAKOWSKI
Name: Susan R. Nowakowski
Title: CEO

INTERNATIONAL HEALTHCARE RECRUITERS, INC.

By: _____ /s/ SUSAN R. NOWAKOWSKI
Name: Susan R. Nowakowski
Title: CEO

AMN STAFFING SERVICES, INC.

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

THE MHA GROUP, INC.

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

[Signatures Continued]

MERRITT, HAWKINS & ASSOCIATES

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

MED TRAVELERS, INC.

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

RN DEMAND, INC.

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

STAFF CARE, INC.

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

MHA ALLIED CONSULTING, INC.

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

MED TRAVELERS, LLC

By: _____ /s/ DENISE L. JACKSON
Name: Denise L. Jackson
Title: Senior Vice President

LIFEWORX, INC.

By: _____ /s/ SUSAN R. NOWAKOWSKI
Name: Susan R. Nowakowski
Title: CEO

PHARMACY CHOICE, INC.

By: _____ /s/ SUSAN R. NOWAKOWSKI
Name: Susan R. Nowakowski
Title: CEO

[Signatures Continued]

RX PRO HEALTH, INC.

By: _____ /s/ SUSAN R. NOWAKOWSKI
Name: Susan R. Nowakowski
Title: CEO

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N. A.,
in its capacity as Administrative Agent

By: _____ /s/ CHARLES D. GRABER
Name: Charles D. Graber
Title: Vice President

LENDERS:

BANK OF AMERICA, N. A.,
in its capacity as Lender, Issuing Lender and Swingline Lender

By: _____ /s/ CRAIG MURLLESS
Name: Craig Murlless
Title: Senior Vice President

[Signatures Continued]

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

I, Susan R. Nowakowski, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2007

/s/ SUSAN R. NOWAKOWSKI

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

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

I, David C. Dreyer, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2007

/s/ DAVID C. DREYER

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

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

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan R. Nowakowski, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2007

/s/ SUSAN R. NOWAKOWSKI

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

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

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Dreyer, Chief Accounting Officer, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 8, 2007

/s/ DAVID C. DREYER

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