

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

Form 8-K

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

Date of Report (Date of Earliest Event Reported): April 28, 2006

**AMN Healthcare Services, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-16753**  
(Commission File No.)

**06-1500476**  
(I.R.S. Employer  
Identification No.)

**12400 High Bluff Drive, Suite 100**  
**San Diego, California**  
(Address of principal executive offices)

**92130**  
(Zip Code)

**(866) 871-8519**  
(registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Section 1 – Registrant’s Business and Operations**

### **Item 1.01 Entry Into A Material Definitive Agreement.**

#### **Common Stock Purchase Agreement**

On April 28, 2006, AMN Healthcare Services, Inc. (the “Company”) entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”) with Joseph B. Caldwell, Floyd E. Cotham, Jr., Joseph E. Hawkins, James C. Merritt, Ruth M. Merritt and Mark E. Smith (collectively, the “Selling Stockholders”), to purchase from them an aggregate of 1,852,000 shares of the Company’s common stock issued in connection with the acquisition of The MHA Group, Inc. and subsidiaries (“MHA”). Certain of the Selling Stockholders are officers of MHA. The share purchase price will be the volume weighted average sales price of the common stock on the New York Stock Exchange for the 20 consecutive trading days immediately preceding the closing date. The Stock Purchase Agreement contains customary representations and warranties and certain closing conditions, such as the Company having received at least \$45 million of debt financing and requisite lender approval under its credit facility. For a period of nine months following the closing date, subject to certain exceptions, the Selling Stockholders may not sell or otherwise dispose of any shares of our common stock or enter into similar derivative transactions with respect to our common stock. The shares of common stock being purchased were registered for resale on a Registration Statement on Form S-3 (File No. 333-132371) (the “Form S-3”). The closing is expected to occur on or about May 15, 2006. Following the closing, in accordance with the Stock Purchase Agreement, the Company will deregister 334,785 shares of the remaining common stock owned by the Selling Stockholders included under the Form S-3. After the deregistration, there will be 85,355 shares of common stock registered for resale under the Form S-3 owned by stockholders other than the Selling Stockholders. The foregoing description of the Stock Purchase Agreement is a summary only and is qualified in its entirety by reference to the Stock Purchase Agreement, a copy of which is filed as Exhibit 99.1 hereto.

#### **First Amendment to Second Amended And Restated Credit Agreement**

On May 1, 2006, the Company entered into a First Amendment dated May 1, 2006 to the Second Amended and Restated Credit Agreement dated November 2, 2005 (the “First Amendment”) by and among the Company, AMN Healthcare, Inc., as borrower (the “Borrower”), certain subsidiaries of the Borrower from time to time party thereto as guarantors, the several lenders from time to time party thereto as lenders (the “Lenders”) and Bank of America, N.A. as administrative agent for the Lenders. The First Amendment amends the Second Amended and Restated Credit Agreement (the “Credit Agreement”), and provides that the Borrower may request, on a one-time basis and subject to meeting certain conditions, an additional term loan in an amount not to exceed \$45 million, subject to obtaining commitments from its existing lenders or other eligible lenders in the amount of such requested increase. The First Amendment also resets the applicable interest rate for the term loans based upon our then current leverage ratio, permits the repurchase of up to \$45 million of our capital stock (subject to certain conditions), amends certain covenants requiring us to obtain interest rate hedging agreements for at least 50% of the term loans to allow additional time for compliance and amends certain financial covenants that require the Borrower to maintain a maximum Leverage Ratio (as defined in the Credit Agreement) to loosen such requirements in the event the Borrower incurs not less than \$30 million of additional term loans from the Lenders.

The foregoing description of the First Amendment is a summary only and does not contain all of the exceptions and qualifications that may apply and is qualified in its entirety by reference to the First Amendment, a copy of which is filed as Exhibit 99.2 hereto.

The Lenders and their affiliates have provided, and may in the future provide, various investment banking, commercial banking and other financial services for us for which services they have received, and may in the future receive, customary fees.

## Section 2 – Financial Information

### Item 2.02 Results of Operations and Financial Condition.

On May 1, 2006, we reported our first quarter 2006 results. Our first quarter 2006 results are discussed in detail in the press release which is furnished as Exhibit 99.3 to this Form 8-K and incorporated herein by reference.

The information in this Item 2.02 and Exhibit 99.3 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent as shall be expressly set forth by specific reference in such filing.

### Item 9.01 Financial Statements and Exhibits.

#### (d) Exhibits

- 99.1 Stock Purchase Agreement, dated April 28, 2006 by and among AMN Healthcare Services, Inc. and Joseph B. Caldwell, Floyd E. Cotham, Jr., Joseph E. Hawkins, James C. Merritt, Ruth M. Merritt and Mark E. Smith.
- 99.2 First Amendment to Second Amended And Restated Credit Agreement, dated as of May 1, 2006, 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. and Med Travelers, LLC, as guarantors, the lenders identified on the signature pages thereto and Bank of America, N.A., as administrative agent.
- 99.3 Press release issued by the Company on May 1, 2006 furnished pursuant to Item 2.02 of this Form 8-K.

**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 hereunto duly authorized.

**AMN Healthcare Services, Inc.**

By: /s/ Susan R. Nowakowski  
Susan R. Nowakowski  
*President & Chief Executive Officer*

Date: May 1, 2006

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STOCK PURCHASE AGREEMENT

by and among

AMN HEALTHCARE SERVICES, INC.

AND

THE STOCKHOLDERS NAMED HEREIN

\_\_\_\_\_  
Dated as of April 28, 2006  
\_\_\_\_\_

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## STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of April 28, 2006 (this "Agreement"), by and among AMN Healthcare Services, Inc., a Delaware corporation (the "Purchaser") and the stockholders of the Purchaser listed on Schedule 1 hereto (each a "Seller," and collectively, the "Sellers").

WHEREAS, upon the terms and conditions set forth in this Agreement, the Sellers propose to sell to the Purchaser an aggregate of 1,852,000 shares of common stock, par value \$0.01 per share, of the Purchaser (the "Common Stock").

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

### ARTICLE I

#### DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Acquisition Agreement" means the Acquisition Agreement, dated October 5, 2005, among the Purchaser, Cowboy Acquisition Corp., The MHA Group, Inc. and James C. Merritt and Joseph E. Hawkins, as amended.

"Agreement" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"Claims" has the meaning set forth in Section 3.5 of this Agreement.

"Closing" has the meaning set forth in Section 2.2 of this Agreement.

"Closing Date" has the meaning set forth in Section 2.2 of this Agreement.

"Common Stock" has the meaning set forth in the recitals to this Agreement.

"Contractual Obligation" means, as to any Person, any provision of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision thereof, any authorized entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.



“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or other security interest.

“Orders” has the meaning set forth in Section 3.1 of this Agreement.

“Per Share Price” means the volume weighted average sales price of the Common Stock on the New York Stock Exchange for the 20 consecutive Trading Days immediately preceding the Closing Date.

“Person” means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

“Purchase Price” means, with respect to each Seller, the product of the Per Share Price and the Purchased Shares of such Seller.

“Purchased Shares” means, with respect to each Seller, the number of shares of Common Stock set forth opposite such Seller’s name on Schedule 1.

“Purchaser” has the meaning set forth in the preamble to this Agreement.

“Registration Rights Agreement” means the Amended and Restated Registration Rights Agreement, dated November 2, 2005, among the Purchaser, Steven Francis, The Francis Family Trust dated May 24, 1996, James C. Merritt and Joseph E. Hawkins.

“Requirement of Law” means, as to any Person, any law, statute, treaty, rule, regulation, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

“Sellers” has the meaning set forth in the preamble to this Agreement.

“Trading Day” means a day during which trading in the Common Stock occurs on the New York Stock Exchange.

## ARTICLE II

### PURCHASE AND SALE OF COMMON STOCK

2.1 Purchase and Sale of Common Stock. Subject to the terms and conditions herein set forth, each of the Sellers severally agrees to sell to the Purchaser, and the Purchaser agrees to purchase from each of the Sellers, on the Closing Date, the Purchased Shares of such Seller for the Purchase Price of such Seller.

2.2 Closing. Subject to the terms and conditions herein set forth, the closing of the sale and purchase of the Purchased Shares (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind Wharton & Garrison, LLP at 11:00 a.m., local time, on May 15, 2006, or at such later time and date that the Sellers and the Purchaser may agree in writing (the "Closing Date"). On the Closing Date (a) each Seller shall deliver to the Purchaser a certificate or certificates representing the Purchased Shares of such Seller, duly endorsed in blank or accompanied by a duly executed stock power, in proper form for transfer and (b) the Purchaser shall deliver to such Seller the Purchase Price therefor by wire transfer of immediately available funds to such account as such Seller shall designate in writing to the Purchaser.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF EACH SELLER

Each Seller hereby represents and warrants to the Purchaser as follows:

3.1 Authorization; No Contravention. The execution, delivery and performance by each Seller of this Agreement and the transactions contemplated hereby, including, without limitation, the sale of the Purchased Shares by such Seller, (a) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of such Seller, or any Requirement of Law applicable to such Seller and (b) do not violate any judgment, injunction, unit, award, decree or order of any nature of any Governmental Authority (collectively, "Orders") against, or binding upon, such Seller.

3.2 Title to Purchased Shares. Each Seller owns beneficially and of record the Purchased Shares of such Seller and has good and valid title to such Purchased Shares, free and clear of all Liens. Such Seller has the unrestricted power and authority to transfer such Purchased Shares to the Purchaser. Upon delivery to the Purchaser of the stock certificates representing such Seller's Purchased Shares and payment therefor, the Purchaser shall acquire good and valid title to such Purchased Shares, free and clear of all Liens.

3.3 Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under a Requirement of Law is necessary or required in connection with the execution, delivery or performance (including, without limitation, the sale and delivery of the Purchased Shares), by such Seller of this Agreement or the transactions contemplated hereby.

3.4 Binding Effect. This Agreement has been duly executed and delivered by each Seller, and this Agreement constitutes the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency,

reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

3.5 Litigation. There are no actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations (collectively, "Claims") pending or, to the knowledge of each Seller, threatened, at law, in equity, in arbitration or before any Governmental Authority against such Seller with respect to this Agreement or the transactions contemplated hereby or which would, if adversely determined, be reasonably likely to have a material adverse effect on the ability of such Seller to perform its obligations hereunder. No Order has been issued by any court or other Governmental Authority against such Seller purporting to enjoin or restrain the execution, delivery or performance of this Agreement.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to each Seller as follows:

4.1 Existence and Power. The Purchaser is (a) a corporation duly organized and validly existing under the laws of Delaware and (b) has the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement.

4.2 Authorization; No Contravention. The execution, delivery and performance by the Purchaser of this Agreement and the transactions contemplated hereby, (a) have been duly authorized by all necessary corporate action, (b) do not contravene the terms of the Purchaser's organizational documents, or any amendment thereof, (c) do not violate, conflict with or result in any breach or contravention of any Contractual Obligation of such Purchaser or any Requirement of Law applicable to the Purchaser and (d) do not violate any Orders of any Governmental Authority against, or binding upon, the Purchaser, except in the case of clauses (c) or (d), such as would not have a material adverse effect on the ability of the Purchaser to perform its obligations under this Agreement.

4.3 Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person, and no lapse of a waiting period under any Requirement of Law, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares) by the Purchaser of this Agreement or the transactions contemplated hereby.

4.4 Binding Effect. This Agreement has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms, except as enforceability

may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

4.5 Litigation. There are no Claims pending or, to the knowledge of the Purchaser, threatened, at law, in equity, in arbitration or before any Governmental Authority against the Purchaser with respect to this Agreement or the transactions contemplated hereby or which would, if adversely determined, be reasonably likely to have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder. No Order has been issued by any court or other Governmental Authority against the Purchaser purporting to enjoin or restrain the execution, delivery or performance of this Agreement.

## ARTICLE V

### CONDITIONS TO THE OBLIGATION OF THE PURCHASER TO CLOSE

The obligation of the Purchaser to purchase the Purchased Shares, to pay the Purchase Price therefor at the Closing and to perform any obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, the Purchaser of the following conditions on or before the Closing Date.

5.1 Purchased Shares. Each Seller shall have delivered to the Purchaser one or more stock certificates representing the Purchased Shares of such Seller, duly endorsed in blank or accompanied by stock powers executed in blank, in proper form for transfer with all appropriate stock transfer stamps affixed, against payment in full for such Purchased Shares.

5.2 Opinion. The Purchaser shall have received an opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. relating to the purchase of the Purchased Shares and the related financing in a form satisfactory to it in its sole discretion.

5.3 Financing. The Purchaser has received at least \$45 million of debt financing necessary to consummate the acquisition of the Common Stock from the Sellers pursuant to terms and conditions satisfactory to the Purchaser in its sole discretion.

5.4 Bank Approvals. The Purchaser shall have obtained all necessary and required waivers, consents and authorizations of the requisite lenders under the Second Amended and Restated Credit Agreement, dated as of November 2, 2005, among AMN Healthcare, Inc., as borrower, the Purchaser, the lenders identified on the signature pages thereto and Bank of America, N.A., as administrative agent, as amended, restated or modified from time to time, in connection with the debt financing referred to in Section 5.3 above and the purchase of the Common Stock from the Sellers.

5.5 Representations and Warranties True. The representations and warranties of each Seller contained in Article 3 hereof shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date.

5.6 Compliance with this Agreement. Each Seller shall have performed and complied in all material respects with all of its agreements and conditions set forth herein that are required to be performed or complied with by such Seller on or before the Closing Date.

#### ARTICLE VI

##### CONDITIONS TO THE OBLIGATION OF EACH SELLER TO CLOSE

The obligation of each Seller to sell the Purchased Shares of such Seller and the obligation of such Seller to perform its other obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, such Seller of the following condition on or before the Closing Date:

6.1 Payment of Purchase Price. The Purchaser shall be prepared to pay the Purchase Price for the Purchased Shares.

6.2 Representations and Warranties True. The representations and warranties of the Purchaser contained in Article 4 hereof shall be true and correct in all material respects at and as of the Closing Date, as if made at and as of such date.

6.3 Compliance with this Agreement. The Purchaser shall have performed and complied in all material respects with all of its agreements and conditions set forth herein that are required to be performed or complied with by the Purchaser on or before such Closing Date.

#### ARTICLE VII

##### AFFIRMATIVE COVENANTS

7.1 Cooperation. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement, including, with respect to the each Seller, such further documents and acts as the Purchaser may reasonably require to constitute the Purchaser as the legal and beneficial owner of the Purchased Shares free from all Liens and to give full effect to such Seller's obligations under this Agreement.

7.2 Lock-up Agreement. Except for sales of Common Stock under this Agreement, each Seller agrees that such Seller shall not (and shall cause any spouse

or immediate family member of the spouse or the undersigned living in such Seller's household not to) directly or indirectly, sell, offer, contract or grant any option to sell (including without limitation any short sale), pledge, transfer, establish an open "put equivalent position" or liquidate or decrease a "call equivalent position" within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, or otherwise dispose of or transfer (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition of) including the filing (or participation in the filing of) of a registration statement with the Securities and Exchange Commission in respect of, any shares of Common Stock, options or warrants to acquire shares of Common Stock, or securities exchangeable or exercisable for or convertible into shares of Common Stock, or publicly announce an intention to do any of the foregoing, for a period commencing on the date hereof and continuing through the close of trading on the ninth month anniversary of the Closing.

The foregoing restrictions shall not apply to (A) transfers by way of testate or intestate succession or by operation of law, (B) transfers to members of the immediate family of each Seller or to a trust, partnership, limited liability company or other entity, all of the beneficial interests of which are held by such Seller or by a member of such Seller's immediate family; provided that the transferee shall have agreed in writing to be bound by the restrictions on transfer described herein or (C) the registration, offer and sale of any shares of Common Stock by James C. Merritt or Joseph E. Hawkins, pursuant to, and in accordance with, the terms of the Registration Rights Agreement.

Except for stock options granted by the Purchaser, each Seller agrees to hold all of its shares of Common Stock in certificated form with a restrictive legend in a form agreed to by the Purchaser describing the transfer restrictions under the Securities Act of 1933 and this Section 7.2. Each Seller also agrees and consents to the entry of stop transfer instructions with the Purchaser's transfer agent and registrar against the transfer of shares of Common Stock owned by it except in compliance with the foregoing restrictions.

If this Agreement is terminated under Section 8.5, the restrictions under this Section 7.2 shall immediately terminate and have no further force and effect.

7.3 Registration Statement. If the Closing occurs, each Seller agrees and consents to the filing by the Purchaser of a post-effective amendment to the Registration Statement on Form S-3 of the Purchaser (File No. 333-132371) to deregister all of the shares of Common Stock owned by such Seller that are included in such Registration Statement and that the Purchaser shall have no further obligation under the Acquisition Agreement to register the Common Stock owned by the Sellers.

## ARTICLE VIII

### MISCELLANEOUS

8.1 Survival. All of the covenants, representations and warranties made herein shall survive the execution and delivery of this Agreement.

8.2 Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery:

- (a) if to the Sellers, at the addresses listed on the signature page of this Agreement
- (b) if to the Purchaser:

AMN Healthcare Services, Inc.  
12400 High Bluff Drive, Suite 100  
San Diego, California 92130  
Facsimile: (858) 509-3587  
Attention: each of the President and General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton, Garrison & LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064  
Telecopy: (212) 757-3900  
Attention: John C. Kennedy, Esq.

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five (5) business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

8.3 Successors and Assigns; Third Party Beneficiaries. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. The Sellers may not assign any of their rights under this Agreement without the written consent of the Purchaser. No Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement. No Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

8.4 Amendment and Waiver.

(a) No failure or delay on the part of the Sellers or the Purchaser in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to the Sellers or the Purchaser at law, in equity or otherwise.

(b) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Sellers or the Purchaser from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by the Sellers selling a majority of the Purchased Shares and the Purchaser, and (ii) only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement, no notice to or demand on the Sellers in any case shall entitle any Seller to any other or further notice or demand in similar or other circumstances.

8.5 Termination. If the Closing shall not have occurred on or prior to June 1, 2006, either the Purchaser or the Sellers holding at least a majority of the Purchased Shares may by written notice to the other parties terminate this Agreement without liability of any party. Notwithstanding the foregoing, no termination pursuant to this Section 8.5 shall relieve any party from liability for any willful breach of this Agreement prior to such termination.

8.6 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

8.7 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

**8.8 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.**

8.9 Severability. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

8.10 Rules of Construction. Unless the context otherwise requires, references to sections or subsections refer to sections or subsections of this Agreement.

8.11 Entire Agreement. This Agreement, together with the schedule hereto, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, representations, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the schedule hereto,



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supersedes all prior agreements and understandings between the parties with respect to such subject matter.

8.12 Fees. Each party shall pay its own fees and expenses incurred in connection with this Agreement or otherwise.

***[Remainder of page intentionally left blank.]***

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement on the date first written above.

AMN HEALTHCARE SERVICES, INC.

By: /s/ Susan R. Nowakowski  
Name: Susan R. Nowakowski  
Title: President and Chief Executive Officer

/s/ Joseph B. Caldwell  
Joseph B. Caldwell  
3513 Chimney Rock Dr.  
Flower Mound, TX 75022-6650

/s/ Floyd E. Cotham Jr.  
Floyd E. Cotham Jr.  
4303 Swiss Ave.  
Dallas, TX 75204-8108

/s/ Joseph E. Hawkins  
Joseph E. Hawkins  
5409 Thistle Hill Cir.  
Flower Mound, TX 75022-5663

/s/ James C. Merritt  
James C. Merritt  
4708 Byron Circle  
Irving, TX 75038-6318

/s/ Ruth M. Merritt  
Ruth M. Merritt  
1210 Swan Mill Ct.  
Suwanee, GA 30024-2824

/s/ Mark E. Smith  
Mark E. Smith  
4717 Range Wood Dr.  
Flower Mound, TX 75028-1695

Purchased Shares

<u>Seller</u>	<u>Purchased Shares</u>
Joseph B. Caldwell	128,000
Floyd E. Cotham Jr.	209,000
Joseph E. Hawkins	780,000
James C. Merritt	375,000
Ruth M. Merritt	275,000
Mark E. Smith	85,000
Total:	1,852,000

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

**THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment"), dated as of May 1, 2006, 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 (the "Existing Credit Agreement");

**WHEREAS**, the Borrower has requested to have the ability to increase the Tranche B Loan by an amount up to \$45,000,000 and to amend certain other 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.

"First 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 First Amendment Effective Date, the Existing Credit Agreement is hereby amended in accordance with this Part 2.

**SUBPART 2.1** The following definitions in Section 1.1 of the Credit Agreement are hereby amended and restated in their entireties as follows:

“Lender” means any of the Persons identified as a “Lender” on the signature pages hereto, including the Incremental Tranche B Lenders and any Person which may become a Lender by way of assignment in accordance with the terms hereof, together with their successors and permitted assigns.

“Tranche B Lenders” means a collective reference to the Lenders holding Tranche B Loans, Tranche B Loan Commitments or Incremental Tranche B Loans.

“Tranche B Loan” shall have the meaning assigned to such term in Section 2.4(a): provided that “Tranche B Loans” shall include any Incremental Tranche B Loan.

“Tranche B Note” or “Tranche B Notes” means the promissory notes, if any, of the Borrower in favor of each Tranche B Lender provided pursuant to Section 2.4(f) or Section 2.5(f) and evidencing the Tranche B Loans of such Tranche B Lender, individually or collectively, as appropriate, as such promissory notes may be amended, modified, restated, supplemented, extended, renewed or replaced from time to time.

**SUBPART 2.2** Amendments to Section 1.1. The following new definitions are hereby added to Section 1.1 of the Existing Credit Agreement in the appropriate alphabetical order and shall read as follows:

“First Amendment Effective Date” shall mean May 1, 2006.

“Increase Effective Date” shall have the meaning set forth in Section 2.5(d).

“Incremental Tranche B Lender” shall have the meaning set forth in Section 2.5(c).

“Incremental Tranche B Loan” shall have the meaning set forth in Section 2.5(a).

“Leverage Increase Effective Date” shall mean the date, if any, on which the Borrower shall have received Incremental Tranche B Loans in an amount not less than \$30,000,000.

**SUBPART 2.3** Amendment to Section 2.4(d), Subsection (d) of Section 2.4 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(d) Repayment of Tranche B Loan. The principal amount of the Tranche B Loan shall be payable in twenty-two (22) consecutive quarterly installments which shall be due on the last day of each March, June, September and December, beginning with the payment due June 30, 2006 as follows, unless accelerated sooner pursuant to Section 9.2: the first quarterly installment due June 30, 2006 shall be in the principal amount equal to

two and one-half percent (2.50%) of the principal amount of the Tranche B Loan (including all Incremental Tranche B Loans), installments two (2) through six (6) shall each be in the principal amount equal to one and one-quarter percent (1.25%) of the principal amount of the Tranche B Loan (including all Incremental Tranche B Loans), installments seven (7) through eighteen (18) shall each be in the principal amount equal to two and one-half percent (2.50%) of the principal amount of the Tranche B Loan (including all Incremental Tranche B Loans), installments nineteen (19) through twenty-one (21) shall each be in the principal amount equal to fifteen percent (15.00%) of the principal amount of the Tranche B Loan (including all Incremental Tranche B Loans) and the twenty-second (22) and final installment, due September 30, 2011, shall be in the amount of the remaining principal balance of the Tranche B Loan (including all Incremental Tranche B Loans).

**SUBPART 2.4 Amendments to Section 2.4(e)(i) and (ii).** Subsections (e)(i) and (e)(ii) of Section 2.4 of the Existing Credit Agreement are hereby amended in their entireties to read as follows:

(i) **Base Rate Loans.** During such periods as the Tranche B Loan shall be comprised in whole or in part of Base Rate Loans, such Base Rate Loans shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the sum of the Base Rate plus 1.00%; provided, however, to the extent that the Leverage Ratio as of the last day of the most recently ended full fiscal quarter or fiscal year, as the case may be, commencing with the fiscal quarter ended June 30, 2006, is less than 3.00 to 1.0, such Base Rate Loans shall at all times thereafter bear interest on the outstanding principal amount thereof at a rate per annum equal to the sum of the Base Rate plus 0.75% (such rate to be adjusted on the date five Business Days after the date by which the Credit Parties provide the Required Financial Information applicable to such fiscal quarter or fiscal year). Notwithstanding the foregoing, during the period from and including the First Amendment Effective Date until the occurrence, if at all, of the Increase Effective Date, such Base Rate Loans shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the sum of the Base Rate plus 0.75%.

(ii) **Eurodollar Loans.** During such periods as the Tranche B Loan shall be comprised in whole or in part of Eurodollar Loans, such Eurodollar Loans shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus 2.00%; provided, however, to the extent that the Leverage Ratio as of the last day of the most recently ended full fiscal quarter or fiscal year, as the case may be, commencing with the fiscal quarter ended June 30, 2006, is less than 3.00 to 1.0, such Eurodollar Loans shall at all times thereafter bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus 1.75% (such rate to be adjusted on the date five Business Days after the date by which the Credit Parties provide the Required Financial Information applicable to such fiscal quarter or fiscal year). Notwithstanding the foregoing, during the period from and including the First Amendment Effective Date until the occurrence, if at all, of the Increase Effective Date, such Eurodollar Loans shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of the Eurodollar Rate for such Interest Period plus 1.75%.

**SUBPART 2.5 Addition of Section 2.5.** A new Section 2.5 is hereby added to the Existing Credit Agreement to read as follows:

**2.5 Increase in Tranche B Loan Commitments.**

(a) Request for Increase. Provided there exists no Default or Event of Default, upon notice to the Administrative Agent (which shall promptly notify the existing Tranche B Lenders), the Borrower may, on a one-time basis at any time prior to June 1, 2006, request an additional Tranche B Loan (the "Incremental Tranche B Loan") in an amount not to exceed \$45,000,000. At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify the time period within which each existing Tranche B Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the existing Tranche B Lenders). Any Incremental Tranche B Loan shall have terms identical to the Tranche B Loans existing on the Closing Date and shall be treated as Tranche B Loans for all purposes under this Agreement and the other Credit Documents, except for fees payable to Tranche B Lenders providing commitments for the Incremental Tranche B Loan.

(b) Tranche B Lender Elections to Increase. Each existing Tranche B Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its existing Tranche B Loan Commitment and fund the Incremental Tranche B Loan. Any existing Tranche B Lender not responding within such time period shall be deemed to have declined to increase its existing Tranche B Loan Commitment.

(c) Notification by Administrative Agent; Additional Lenders. The Administrative Agent shall notify the Borrower and each existing Tranche B Lender of the existing Tranche B Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld), the Borrower may also invite additional Eligible Assignees to become Tranche B Lenders (such Eligible Assignees, together with the existing Tranche B Lenders agreeing to increase their Tranche B Loan Commitment, the "Incremental Tranche B Lenders") pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent and its counsel and the Borrower.

(d) Effective Date and Allocations. If the Tranche B Loan Commitments are increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such increase; provided, however, the Increase Effective Date shall in no case be later than June 30, 2006. The Administrative Agent shall promptly notify the Borrower and the Incremental Tranche B Lenders of the final allocation of such increase and the Increase Effective Date.

(e) Conditions to Effectiveness of Increase. As a condition precedent to such increase, the Borrower shall deliver to the Administrative Agent (i) a certificate of each Credit Party dated as of the Increase Effective Date signed by an Executive Officer of such Credit Party (A) certifying and attaching the resolutions adopted by such Credit Party approving or consenting to such increase, and (B) in the case of the Borrower, certifying that, before and after giving effect to such increase, (x) the representations and warranties contained in Section 6 and the other Credit Documents are true and correct in all material respects on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects as of such earlier

date and (y) no Default or Event of Default exists and (ii) favorable opinions of counsel to the Credit Parties, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(f) Tranche B Notes. Upon the request of any Incremental Tranche B Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Incremental Tranche B Lender (through the Administrative Agent) a promissory note, substantially the form of Exhibit 2.4(f), which shall evidence such Incremental Tranche B Lender's Incremental Tranche B Loans in addition to such accounts or records.

**SUBPART 2.6 Amendment to Section 7.11(a)**. Subsection (a) of Section 7.11 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

**7.11 Financial Covenants.**

(a) Leverage Ratio.

(i) at any time prior to the Leverage Increase Effective Date, the Credit Parties shall not permit the Leverage Ratio as of the last day of any fiscal quarter of the Consolidated Parties to be greater than:

<u>Fiscal Year</u>	<u>March 31</u>	<u>June 30</u>	<u>September 30</u>	<u>December 31</u>
2005	—	—	—	3.75 to 1.0
2006	3.75 to 1.0	3.75 to 1.0	3.75 to 1.0	3.50 to 1.0
2007	3.50 to 1.0	3.25 to 1.0	3.25 to 1.0	3.00 to 1.0
2008	3.00 to 1.0	3.00 to 1.0	2.50 to 1.0	2.50 to 1.0
2009 and Thereafter	2.00 to 1.0	2.00 to 1.0	2.00 to 1.0	2.00 to 1.0

(ii) at any time from and after the Leverage Increase Effective Date, the Credit Parties shall not permit the Leverage Ratio as of the last day of any fiscal quarter of the Consolidated Parties to be greater than:

<u>Fiscal Year</u>	<u>March 31</u>	<u>June 30</u>	<u>September 30</u>	<u>December 31</u>
2005	—	—	—	3.75 to 1.0
2006	3.75 to 1.0	3.75 to 1.0	3.75 to 1.0	3.75 to 1.0
2007	3.50 to 1.0	3.50 to 1.0	3.25 to 1.0	3.25 to 1.0
2008	3.00 to 1.0	3.00 to 1.0	2.50 to 1.0	2.50 to 1.0
2009 and Thereafter	2.00 to 1.0	2.00 to 1.0	2.00 to 1.0	2.00 to 1.0

**SUBPART 2.7 Amendment to Section 7.15**. Section 7.15 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

**7.15 Interest Rate Protection.**

During the period beginning 180 days after the First Amendment Effective Date and ending on the third anniversary of the First Amendment Effective Date, the Credit Parties shall cause the Borrower to maintain protection against fluctuations in interest rates pursuant to one or more Hedging Agreements reasonably acceptable to the Administrative Agent providing coverage in an aggregate notional amount equal to at least 50% of outstanding Tranche B Loans.



**SUBPART 2.8 Amendment to Section 8.7(j).** Subsection (j) of Section 8.7 of the Existing Credit Agreement is hereby amended in its entirety to read as follows:

(j) loans, advances, dividends or distributions by any Consolidated Party to the Parent to enable the Parent to effect any repurchase, redemption or other acquisition or retirement for value of any Capital Stock or any option to acquire Capital Stock of the Parent to the extent permitted by Section 8.7(e) or Section 8.7(k);

**SUBPART 2.9 Amendment to Section 8.7(k).** Clause (k) of Section 8.7 of the Existing Credit Agreement is hereby amended by (i) deleting the word “and” immediately prior thereto and substituting in lieu thereof a comma, (ii) relettering clause (k) to become clause (l) and (iii) adding a new clause (k) to be inserted into Section 8.7 of the Existing Credit Agreement which shall 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 held by the former shareholders of The MHA Group, Inc. in an aggregate cash amount not to exceed \$45,000,000 in the aggregate during the fiscal year ending December 31, 2006; provided that (x) no Default or Event of Default exists either before or after giving effect to such Restricted Payment and (y) not less than \$30,000,000 of the aggregate cash amount of such Restricted Payment shall be funded with the proceeds received by the Borrower from the Incremental Tranche B Loan, and

### **PART 3 CONDITIONS TO EFFECTIVENESS**

**SUBPART 3.1 First 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 “First 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/ David C. Dreyer

Name: David C. Dreyer

Title: CFO and CAO

**PARENT:**

**AMN HEALTHCARE SERVICES, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO, CAO and Treasurer

**SUBSIDIARY  
GUARANTORS:**

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

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO and CAO

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

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO and CAO

**INTERNATIONAL HEALTHCARE RECRUITERS, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO and CAO

**AMN STAFFING SERVICES, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO & CAO

**THE MHA GROUP, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**MERRITT, HAWKINS & ASSOCIATES**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**MED TRAVELERS, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**RN DEMAND, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**STAFF CARE, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**MHA ALLIED CONSULTING, INC.**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: CFO

**MED TRAVELERS, LLC**

By: /s/ David C. Dreyer

Name: David C. Dreyer

Title: Treasurer

[Signatures Continued]

**ADMINISTRATIVE AGENT:**

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

By:  /s/ Robert Rittelmeyer

Name: Robert Rittelmeyer

Title: Vice President

**LENDERS:**

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

By:  /s/ B. Kenneth Burton, Jr.

Name: B. Kenneth Burton, Jr.

Title: Vice President

[Signatures Continued]

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Bank of the West

By:  /s/ Terry A. Switz, Jr.

Name: Terry A. Switz, Jr.

Title: Assistant Vice President

General Electric Capital Corporation

By: /s/ David R. Campbell

Name: David R. Campbell

Title: Duly Authorized Signatory



ING Capital LLC

By: /s/ Michael P. Garvin, Jr.

Name: Michael P. Garvin, Jr.

Title: Managing Director

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Ambrosia Trust

By: Merrill Lynch Investment Managers, L.P. as Investment Manager

By:     /s/ Savitri Alex    

Name: Savitri Alex

Title: Authorized Signatory

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Ameriprise Certificate Company

By: RiverSource Investments, LLC as Collateral Manager

By:  /s/ Yvonne Stevens

Name: Yvonne Stevens

Title: Senior Managing Director

AUGUSTA TRADING LLC

By: /s/ Christina L. Ramseur

Name: Christina L. Ramseur

Title: Assistant Vice President

Avenue CLO III, Ltd.

By: /s/ Richard D'Addario

Name: Richard D'Addario

Title: Senior Portfolio Manager

RiverSource Floating Rate Fund  
A Series of AXP Discovery series, Inc.

By:  /s/ Robin C. Stancil

Name: Robin C. Stancil

Title: Supervisor – Fixes Assets

Big Sky III Senior Loan Trust  
By: Eaton Vance Management  
as Investment Advisor

By:           /s/ Michael B. Botthof            
Name: Michael B. Botthof  
Title: Vice President

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By: /s/ Shira Aschkenasy

Name: Shira Aschkenasy

Title: Authorized Signatory

By: /s/ Milena Greic

Name: Milena Greic

Title: Authorized Signatory



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Cent CDO 10 Limited  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets



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Centurion CDO 8, Limited  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

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Centurion CDO 9, Limited  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

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Centurion CDO II, Limited  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

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Centurion CDO III, Limited  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

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Centurion CDO VI, Ltd.  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

---

Centurion CDO VII, Ltd.  
By: RiverSource Investments, LLC  
As Collateral Manager

By:     /s/ Robin C. Stancil      
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets



Citigroup Investments Corporate Loan Fund, Inc.  
By: Citigroup Alternative Investments LLC

By:           /s/ Melanie Hanlon          

Name: Melanie Hanlon

Title: VP

EAST WEST BANK

By: /s/ Nancy A. Moore

Name: Nancy A. Moore

Title: Senior Vice President

Eaton Vance CDO VII PLC  
By: Eaton Vance Management  
As Interim Investment Advisor

By:           /s/ Michael B. Botthof            
Name: Michael B. Botthof  
Title: Vice President

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Eaton Vance CDO VIII, Ltd.  
By: Eaton Vance Management  
As Investment Advisor

By:     /s/ Michael B. Botthof      
Name: Michael B. Botthof  
Title: Vice President

---

Eaton Vance Floating-Rate Income Trust

By: Eaton Vance Management

As Investment Advisor

By:           /s/ Michael B. Botthof          

Name: Michael B. Botthof

Title: Vice President



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Eaton Vance Limited Duration Income Fund

By: Eaton Vance Management

As Interim Investment Advisor

By:           /s/ Michael B. Botthof          

Name: Michael B. Botthof

Title: Vice President





Eaton Vance Senior Income Trust  
By: Eaton Vance Management  
As Interim Investment Advisor

By:           /s/ Michael B. Botthof          

Name: Michael B. Botthof

Title: Vice President



Flagship CLO 2001-1  
By: Deutsche Asset Management, Inc.  
As Sub-Advisor

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Director

By: /s/ Mark Rigazio

Name: Mark Rigazio

Title: Vice President

Flagship CLO II  
By: Deutsche Asset Management, Inc.  
As Sub-Advisor

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Director

By: /s/ Mark Rigazio

Name: Mark Rigazio

Title: Vice President

Flagship CLO III  
By: Deutsche Asset Management, Inc.  
As Sub-Advisor

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Director

By: /s/ Mark Rigazio

Name: Mark Rigazio

Title: Vice President

Flagship CLO IV  
By: Deutsche Asset Management, Inc.  
As Sub-Advisor

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Director

By: /s/ Mark Rigazio

Name: Mark Rigazio

Title: Vice President

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Flagship CLO 2002-1, Ltd  
By: Deutsche Asset Management, Inc.  
As Sub-Advisor

By: /s/ Colleen Cunniffe

Name: Colleen Cunniffe

Title: Director

By: /s/ Mark Rigazio

Name: Mark Rigazio

Title: Vice President

FOUNDERS GROVE CLO, LTD.

By: Tall Tree Investment Management, LLC  
as Collateral Manager

By:  /s/ Brad Langs

Name: Brad Langs

Title: Officer

Four Corners CLO II, Ltd.

By: /s/ Matthew Massier

Name: Matthew Massier

Title: As Attorney in Fact

By: /s/ Roy Hykal

Name: Roy Hykal

Title: Attorney-in Fact

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Grayson & Co  
By: Boston Management and Research  
As Investment Advisor

By:  /s/ Michael B. Botthof  
Name: Michael B. Botthof  
Title: Vice President



IDS Life Insurance Company  
By: RiverSource Investments, LLC  
As Collateral Manager

By:  /s/ Yvonne Stevens  
Name: Yvonne Stevens  
Title: Senior Managing Director

IKB Capital Corporation

By: /s/ Wolfgang W. Boeker

Name: Wolfgang W. Boeker

Title: Senior Vice President

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ING Senior Income Fund  
By: ING Investment Management Co.  
As its Investment Manager

By:  /s/ Michel Prince, CFA  
Name: Michel Prince, CFA  
Title: Senior Vice President

ING Investment Management CLO I, Ltd.  
By: ING Investment Management Co.,  
As its Investment Manager

By:  /s/ Michel Prince, CFA  
Name: Michel Prince, CFA  
Title: Senior Vice President

ING International (ii) – Senior Bank Loans Euro  
By: ING Investment Management Co.  
As its Investment Manager

By:  /s/ Michel Prince, CFA  
Name: Michel Prince, CFA  
Title: Senior Vice President

KC CLO II PLC

By: /s/ Lincoln Burkitt

Name: Lincoln Burkitt

Title: Vice President

Latitude CLO I, Ltd

By: /s/ Chauncey Lufkin

Name: Chauncey Lufkin

Title: CFO

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Navigare Funding I  
By: Navigare Partners, LLC,  
Its collateral manager

By:     /s/ Sheryl A. Rothman    

Name: Sheryl A. Rothman

Title: Managing Director

THE NORINCHUKIN BANK, NEW YORK BRANCH through State Street  
Bank and Trust Company N.A. as Fiduciary Custodian

By: /s/ Michael B. Botthof

Name: Michael B. Botthof

Title: Vice President

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Ocean Trust

By: RiverSource Investments, LLC as Collateral Manager

By:     /s/ Robin C. Stancil    

Name: Robin C. Stancil

Title: Supervisor – Fixed Assets



SEMINOLE FUNDING LLC

By: /s/ Christina L. Ramseur

Name: Christina L. Ramseur

Title: Assistant Vice President

SENIOR DEBT PORTFOLIO  
By: Boston Management and Research  
as Investment Advisor

By:  /s/ Michael B. Botthof

Name: Michael B. Botthof

Title: Vice President

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Sequils-Centurion V, Ltd.  
By: RiverSource Investments, LLC as  
Collateral Manager

By:  /s/ Robin C. Stancil  
Name: Robin C. Stancil  
Title: Supervisor – Fixed Assets

By: /s/ Elizabeth A. Quirk

Name: Elizabeth A. Quirk

Title: Vice-President

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TOLLI & Co.  
By: Eaton Vance Management  
as Investment Advisor

By:  /s/ Michael B. Botthof  
Name: Michael B. Botthof  
Title: Vice President

J.P. Morgan Trust Company (Cayman) Limited, as Trustee  
For TORAJI TRUST, By: Its Investment Manager,  
Citigroup Alternative Investments LLC

By:  /s/ Melanie Hanlon

Name: Melanie Hanlon

Title: VP

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Van Kampen  
Senior Income Trust  
By: Van Kampen Asset Management

By:  /s/ Christina Jamieson

Name: Christina Jamieson

Title: Executive Director

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Van Kampen  
Senior Loan Fund  
By: Van Kampen Asset Management

By:  /s/ Christina Jamieson

Name: Christina Jamieson

Title: Executive Director



Gulf Stream-Compass CLO 2002-1 Ltd  
By: Gulf Stream Asset Management LLC  
As Collateral Manager

By:  /s/ Barry K. Love  
Name: Barry K. Love  
Title: Chief Credit Officer

Gulf Stream-Compass CLO 2004-1 Ltd  
By: Gulf Stream Asset Management LLC  
As Collateral Manager

By:  /s/ Barry K. Love  
Name: Barry K. Love  
Title: Chief Credit Officer

Gulf Stream-Compass CLO 2005-II Ltd  
By: Gulf Stream Asset Management, LLC  
As Collateral Manager

By:  /s/ Barry K. Love  
Name: Barry K. Love  
Title: Chief Credit Officer

**Contact:**  
David C. Dreyer  
Chief Financial Officer  
Christopher Schwartz  
Sr. Director, Investor Relations  
866.861.3229

FOR IMMEDIATE RELEASE

**AMN HEALTHCARE REPORTS FIRST QUARTER 2006 RESULTS**

SAN DIEGO – (May 1, 2006) – AMN Healthcare Services, Inc. (NYSE: AHS), the nation’s largest healthcare staffing company, today reported financial results for the first quarter of 2006, with revenue of \$254.3 million and diluted earnings per share of \$0.24, which included a \$0.03 benefit from a workers’ compensation insurance reserve reduction. First quarter revenue increased 15% as compared to the \$221.4 million reported for the fourth quarter of 2005 and 62% as compared to the \$156.8 million reported for the first quarter of 2005. The increase in revenue and net income in the first quarter of 2006 as compared to last quarter and the same quarter of last year was primarily attributable to a full quarter’s contribution from The MHA Group, Inc. (“MHA”), which was acquired on November 2, 2005, and improved pricing in the nurse and allied healthcare staffing segment. First quarter 2006 diluted earnings per share included a \$0.02 charge for stock compensation expense related to the Company’s adoption of Statement of Financial Accounting Standards 123R (“FAS 123R”) on January 1, 2006 and a \$0.01 charge for imputed interest expense related to the company’s acquisition of MHA.

“We are pleased to report solid first quarter results, which exceeded our guidance range issued last quarter,” said Susan R. Nowakowski, President and Chief Executive Officer. “Our physician staffing segment continued to grow at a rapid pace and our nurse and allied staffing segment continued to experience positive trends of strong client demand and higher bill rates,” added Nowakowski.

Gross profit for the first quarter of 2006 was \$68.3 million, representing a 26.9% gross margin, up from the \$57.8 million, or 26.1% gross margin, reported in the fourth quarter of 2005, and the \$35.7 million, or 22.8% gross margin, reported in the first quarter of 2005. The increases

were due largely to growth in the company's higher margin physician staffing segment and margin improvement due to pricing increases in the nurse and allied healthcare staffing segment. Additionally, the company's first quarter gross margin was higher by 50 basis points due to a \$1.4 million benefit to cost of sales from a workers' compensation insurance reserve reduction due to favorable historical claims experience. The company's physician staffing segment generated a gross margin of 31.6% in the first quarter of 2006 while the nurse and allied staffing segment generated a gross margin of 24.8% during the same period.

Selling, general and administrative ("SG&A") expenses for the first quarter of 2006 were \$46.5 million, as compared to \$39.1 million in the fourth quarter of 2005, and \$26.2 million in the first quarter of 2005, with the increases mainly due to the inclusion of a full quarter's SG&A expense from MHA. SG&A expenses as a percentage of revenue for the first quarter of 2006 were 18.3%, as compared to 17.7% for the fourth quarter of 2005, and 16.7% for the first quarter of 2005.

Income from operations was \$17.9 million for the first quarter of 2006, as compared to \$16.5 million for the fourth quarter of 2005 and \$8.4 million for the first quarter of 2005. Income from operations margin for the first quarter of 2006 was 7.1%, as compared to 7.5% for the fourth quarter of 2005 and 5.3% for the first quarter of 2005. The decrease in income from operations margin from last quarter was primarily due to the addition of \$1.4 million in stock compensation expense upon the company's adoption of FAS 123R at the beginning of the year.

First quarter 2006 net interest expense was \$4.1 million, as compared to \$4.6 million in the fourth quarter of 2005 and \$1.8 million in the first quarter of 2005. The decrease from last quarter was mainly due to the \$1.2 million write-off of deferred financing costs associated with the company's acquisition of MHA in the prior quarter, partially offset by additional interest expense during the first quarter of 2006 due to the inclusion of a full quarter's interest expense on the acquisition debt. The increase in net interest expense as compared to the same quarter last year was primarily due to the company's \$205.0 million term loan used to fund the acquisition of MHA and to repay prior debt, as well as \$0.7 million in imputed interest expense also related to the acquisition.

The company generated \$18.0 million in cash flow from operations during the first quarter of 2006 which in addition to cash on hand, was used to fund payment of the cash portion of the \$47.3 million contingent purchase price related to the company's prior acquisition of MHA. Total debt outstanding at March 31, 2006 was \$205.0 million. Weighted average diluted shares outstanding during the first quarter of 2006 were 34.7 million.

### **Share Repurchase**

The company also announced today that it expects to repurchase approximately 1.8 million shares of its common stock held by former shareholders of MHA for an estimated \$35 million in cash. The transaction is expected to close on May 15, 2006 and is contingent upon an amendment of AMN's existing credit agreement to allow, among other things, additional borrowing capacity through a new term loan to fund the repurchase. Upon completion of the transaction, 0.4 million shares will remain from the original issuance of 3.0 million shares to the former shareholders of MHA, of which 0.3 million of those shares will be subject to a nine-month lockup period.

"We believe that this stock repurchase is a good means to enhance shareholder value as we expect that the repurchase will become accretive to AMN's earnings per share beginning in 2007," said Nowakowski.

After completion of the stock repurchase, the company's total debt is expected to increase to approximately \$240 million.

### **Revenue and Earnings Guidance for Second Quarter and Full Year 2006**

Revenue for the second quarter of 2006 is expected to range from \$254 million to \$258 million and diluted earnings per share is expected to range from \$0.18 to \$0.20, which includes an estimated charge of \$0.03 for stock compensation expense related to the adoption of FAS 123R. Excluding FAS 123R, second quarter adjusted diluted earnings per share is expected to range from \$0.21 to \$0.23.

Management reaffirmed its full year revenue guidance previously issued on March 8, 2006, with revenue expected to range from \$1.025 billion to \$1.050 billion. However, based on

year to date results, management increased its full year diluted earnings per share guidance to range from \$0.78 to \$0.82. This updated range reflects the \$0.03 benefit from this quarter's workers' compensation insurance reserve reduction offset by a \$0.02 increase in the company's estimated annual stock compensation expense, which was revised to \$0.12 from the previous full year estimate of \$0.10. Full year 2006 diluted earnings per share excluding the \$0.12 estimated stock compensation expense and the \$0.02 imputed interest expense related to the company's acquisition of MHA is expected to range from \$0.92 to \$0.96.

"Our estimated second quarter revenue reflects continued strong demand throughout all of our business lines, with the most significant growth coming from our physician staffing segment," said Nowakowski. "We intend to continue making selective investments in marketing and recruiting to enhance the attraction of new nurses as well as increase the placement conversion of current nurse supply," added Nowakowski.

### **Company Summary**

AMN Healthcare Services, Inc. is the largest temporary healthcare staffing company in the United States. As the largest nationwide provider of travel nurse staffing, locum tenens (temporary physician staffing) and physician permanent placement services, the company recruits physicians, nurses and allied healthcare professionals nationally and internationally and places them on variable lengths of assignments and in permanent positions at acute-care hospitals, physician practice groups and other healthcare facilities throughout the United States.

### **Conference Call on May 2, 2006**

AMN Healthcare Services, Inc.'s first quarter 2006 conference call will be held on Tuesday, May 2, 2006, at 11:00 a.m. Eastern Time. A live webcast of the call can be accessed through AMN Healthcare's website at [www.amnhealthcare.com/investors](http://www.amnhealthcare.com/investors). Please log in at least 10 minutes prior to the conference call in order to download the applicable audio software. Interested parties may participate live via telephone by dialing (800) 230-1085 in the U.S. or (612) 332-0226 internationally. Following the conclusion of the call, a replay of the webcast will be available at the company's web site within four hours. Alternatively, a telephonic replay of the call will be available at 4:15 p.m. Eastern Time, and can be accessed until May 16, 2006 at

midnight Eastern Time, by calling (800) 475-6701 in the U.S. or (320) 365-3844 internationally, with access code 823964.

From time to time, additional information regarding non-GAAP financial measures may be made available on the company's website at [www.amnhealthcare.com/investors](http://www.amnhealthcare.com/investors).

### **Forward-Looking Statements**

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The company has tried, whenever possible, to identify these forward-looking statements using words such as "anticipates," "believes," "estimates," "projects," "expects," "plans," "intends" and similar expressions. Similarly, statements herein that describe the company's business strategy, outlook, objectives, plans, intentions or goals are also forward-looking statements. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the company's actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These risks and uncertainties may include, but are not limited to: the company's ability to continue to recruit and retain qualified temporary and permanent healthcare professionals at reasonable costs; the company's ability to attract and retain sales and operational personnel; the company's ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks and physician practice groups on terms attractive to the company and to secure orders related to those contracts; the company's ability to demonstrate the value of its services to its healthcare and facility clients; 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 the company's hospital and healthcare facility clients' facilities; the overall level of demand for services offered by temporary and permanent healthcare staffing providers; the ability of the company's 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 the company places temporary healthcare professionals; the company's ability to successfully implement its strategic growth, acquisition and integration strategies; the company's ability to leverage its cost structure; the performance of the company's management information and communication systems; the effect of existing or future government legislation and regulations; the company's ability to grow and operate its business in compliance with legislation and regulations; the challenge to classification of certain of the company's healthcare professionals as independent contractors; the impact of medical malpractice and other claims asserted against the company; the impact on the company's earnings related to share-based payment awards due to changes in accounting rules; the disruption or adverse impact to the company's business as a result of a terrorist attack; the company's ability to carry out its business strategy and maintain sufficient cash flow and capital structure to support the company's business; the loss of key officers and management personnel that could adversely affect the company's ability to remain competitive; the effect of recognition by the company of an impairment to goodwill; and the effect of adjustments by the company to accruals for self-insured retentions. Other factors that could cause actual results to differ from those implied by the forward-looking statements contained in this press release are set forth in the company's Annual Report on Form 10-K for the year ended December 31, 2005, its Current Reports on Form 8-K, and Registration Statement



on Form S-3. These statements reflect the company's current beliefs and are based upon information currently available to it. Be advised that developments subsequent to this press release are likely to cause these statements to become outdated with the passage of time. The company does not intend, however, to update the guidance provided today prior to its next earnings release.

Tables Follow:

**AMN Healthcare Services, Inc.**  
**Condensed Consolidated Statements of Income**  
(dollars in thousands, except per share and traveler data)  
(unaudited)

	Three Months Ended March 31,		
	2006	2005	% Chg
Revenue	\$ 254,265	\$ 156,842	62.1%
Cost of revenue	185,964	121,125	53.5%
Gross profit	68,301	35,717	91.2%
	26.9%	22.8%	
<b>Expenses:</b>			
Selling, general and administrative, excluding non-cash stock-based compensation	46,525	26,246	77.3%
	18.3%	16.7%	
Non-cash stock-based compensation <sup>(1)</sup>	1,367	40	3,317.5%
Depreciation and amortization	2,466	1,079	128.5%
Total expenses	50,358	27,365	84.0%
Income from operations	17,943	8,352	114.8%
	7.1%	5.3%	
Interest expense, net	4,147	1,756	136.2%
Income before income taxes	13,796	6,596	109.2%
Income tax expense	5,495	2,603	111.1%
Net income	\$ 8,301	\$ 3,993	107.9%
	3.3%	2.5%	
<b>Basic and diluted net income per common share:</b>			
Basic net income per common share	\$ 0.26	\$ 0.14	85.7%
Diluted net income per common share	\$ 0.24	\$ 0.13	84.6%
Weighted average common shares outstanding - basic	32,095	28,376	13.1%
Weighted average common shares outstanding - diluted	34,712	31,461	10.3%
<b>Other Financial and Operating Data:</b>			
<b>Nurse and Allied Healthcare Staffing</b>			
Average travelers on assignment <sup>(2)</sup>	6,607	6,350	4.0%
Revenue per traveler per day <sup>(3)</sup>	\$ 298.88	\$ 274.44	8.9%
Gross profit per traveler per day <sup>(3)</sup>	\$ 74.12	\$ 62.50	18.6%
<b>Physician Staffing</b>			
Days filled <sup>(4)</sup>	49,251	—	NA
Revenue per day filled <sup>(4)</sup>	\$ 1,310.58	—	NA
Gross profit per day filled <sup>(4)</sup>	\$ 346.99	—	NA
Adjusted EBITDA <sup>(5)</sup>	\$ 21,776	\$ 9,471	129.9%
	8.6%	6.0%	

<sup>(1)</sup> Non-cash stock-based compensation represents compensation expense related to stock option plans. Effective on January 1, 2006, the company adopted the provisions of FASB revised Statement of Financial Accounting Standards (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. Prior to January 1, 2006, the company applied the intrinsic value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations including FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB Opinion No. 25*, and EITF 00-23, *Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FASB Interpretation No. 44*, to account for its stock option plans. Under this method, compensation expense for fixed plans was recognized only if, on the date of grant, the then current market price of the underlying stock exceeded the exercise price, and was recorded on a straight-line basis over the applicable vesting period.

- (2) Average travelers on assignment represents the average number of nurse and allied healthcare professionals on assignment during the period presented.
- (3) Revenue per traveler per day and gross profit per traveler per day represent the revenue and gross profit of the company's nurse and allied healthcare staffing segment divided by average travelers on assignment, divided by the number of days in the period presented.
- (4) Days filled and revenue per day filled are for locum tenens (temporary physician staffing) only. Days filled is calculated by dividing the locum tenens hours filled during the period by 8 hours. Revenue per day filled and gross profit per day filled represent locum tenens revenue and gross profit divided by days filled for the period presented.
- (5) Adjusted EBITDA represents net income plus interest expense (net of investment income), income taxes, depreciation and amortization and non-cash stock-based compensation expense. Management presents adjusted EBITDA because it believes that adjusted EBITDA is a useful supplement to net income as an indicator of operating performance. Management believes that adjusted EBITDA is an industry-wide financial measure that is useful both to management and investors when evaluating the company's performance and comparing the company's performance with the performance of competitors. Management also uses adjusted EBITDA for planning purposes. Management uses adjusted EBITDA to evaluate the company's performance because it believes that adjusted EBITDA more accurately reflects the company's results, as it excludes certain items, in particular non-cash stock-based compensation charges, that management believes are not indicative of the company's operating performance. However, adjusted EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to operating or net income as an indicator of operating performance, and it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). As defined, adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. While management believes that some of the items excluded from adjusted EBITDA are not indicative of the company's operating performance, these items do impact the income statement, and management therefore utilizes adjusted EBITDA as an operating performance measure in conjunction with GAAP measures such as net income.

**AMN Healthcare Services, Inc.**  
**Segment Reporting<sup>(1)</sup>**  
**(in thousand)**  
**(unaudited)**

	Three Months Ended March 31,	
	2006	2005
<b>Revenue</b>		
Nurse and allied healthcare staffing	\$ 177,724	\$ 156,842
Physician staffing	76,541	—
	<u>\$ 254,265</u>	<u>\$ 156,842</u>
<b>Segment Operating Income<sup>(2)</sup></b>		
Nurse and allied healthcare staffing	\$ 14,950	\$ 9,471
Physician staffing	6,826	—
	<u>21,776</u>	<u>9,471</u>
Depreciation and amortization	2,466	1,079
Non-cash stock-based compensation	1,367	40
Interest expense, net	4,147	1,756
Income before income tax	<u>\$ 13,796</u>	<u>\$ 6,596</u>

<sup>(1)</sup> Segment reporting provided is in accordance with FASB Statement 131, *Disclosures about Segments of an Enterprise and Related Information*.

<sup>(2)</sup> Segment operating income includes income from operations before depreciation, amortization of intangible assets and stock compensation expense.

**AMN Healthcare Services, Inc.**  
**Adjusted EBITDA Reconciliation**  
(in thousands)  
(unaudited)

	Three Months Ended		
	March 31,		
	2006	2005	% Chg
Net income	\$ 8,301	\$3,993	107.9%
Adjustments:			
Interest expense, net	4,147	1,756	
Income tax expense	5,495	2,603	
Depreciation and amortization	2,466	1,079	
Non-cash stock-based compensation	1,367	40	
Adjusted EBITDA <sup>(1)</sup>	<u>\$21,776</u>	<u>\$9,471</u>	129.9%

<sup>(1)</sup> Adjusted EBITDA represents net income plus interest expense (net of investment income), income taxes, depreciation and amortization and non-cash stock-based compensation expense. Management presents adjusted EBITDA because it believes that adjusted EBITDA is a useful supplement to net income as an indicator of operating performance. Management believes that adjusted EBITDA is an industry-wide financial measure that is useful both to management and investors when evaluating the company's performance and comparing the company's performance with the performance of competitors. Management also uses adjusted EBITDA for planning purposes. Management uses adjusted EBITDA to evaluate the company's performance because it believes that adjusted EBITDA more accurately reflects the company's results, as it excludes certain items, in particular non-cash stock-based compensation charges, that management believes are not indicative of the company's operating performance. However, adjusted EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to operating or net income as an indicator of operating performance, and it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). As defined, adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation. While management believes that some of the items excluded from adjusted EBITDA are not indicative of the company's operating performance, these items do impact the income statement, and management therefore utilizes adjusted EBITDA as an operating performance measure in conjunction with GAAP measures such as net income.

**AMN Healthcare Services, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(unaudited)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 10,320	\$ 19,110
Accounts receivable, net	152,917	154,926
Deferred income taxes, net	27,917	31,305
Other current assets	26,298	22,922
<b>Total current assets</b>	<u>217,452</u>	<u>228,263</u>
Fixed assets, net	20,082	20,164
Goodwill, net	241,132	240,844
Intangible and other assets	130,192	129,116
<b>Total assets</b>	<u>\$608,858</u>	<u>\$ 618,387</u>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 20,498	\$ 19,092
Accrued compensation and benefits	32,183	32,208
Current portion of notes payable	12,813	10,250
Deferred revenue	7,889	7,610
Other current liabilities	31,699	59,018
<b>Total current liabilities</b>	<u>105,082</u>	<u>128,178</u>
Notes payable, less current portion	192,187	194,750
Deferred income taxes, net	67,014	65,132
Other long-term liabilities	25,705	37,127
<b>Total liabilities</b>	<u>389,988</u>	<u>425,187</u>
Stockholders' equity	218,870	193,200
<b>Total liabilities and stockholders' equity</b>	<u>\$608,858</u>	<u>\$ 618,387</u>

**AMN Healthcare Services, Inc.**  
**Condensed Consolidated Cash Flow Statement**  
(in thousands)  
(unaudited)

	<u>Three Months Ended</u>	
	<u>March 31,</u> <u>2006</u>	<u>March 31,</u> <u>2005</u>
Net cash provided by operating activities	\$ 18,025	\$ 16,934
Net cash (used in) investing activities	(37,504)	(771)
Net cash provided by (used in) financing activities	10,703	(9,563)
Effect of exchange rates on cash	(14)	10
Net (decrease) increase in cash and cash equivalents	(8,790)	6,610
Cash and cash equivalents at beginning of period	19,110	3,908
Cash and cash equivalents at end of period	<u>\$ 10,320</u>	<u>\$ 10,518</u>