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 June 30, 2005

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)**	**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)**

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

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

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

As of August 5, 2005, there were 28,766,897 shares of common stock, $0.01 par value, outstanding.

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)

	June 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,838	$ 3,908
Accounts receivable, net of allowance of $2,089 and $1,752 at June 30, 2005 and December 31, 2004, respectively	107,862	108,825
Prepaid expenses	10,713	11,703
Deferred income taxes, net	1,989	1,210
Other current assets	1,569	1,759
Total current assets	136,971	127,405
Fixed assets, net	18,776	17,833
Deferred income taxes, net	—	508
Deposits and other assets	3,089	2,265
Goodwill, net	135,958	135,449
Other intangibles, net	2,933	3,500
Total assets	$ 297,727	$ 286,960
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	$ —	$ 1,093
Accounts payable and accrued expenses	14,516	13,084
Accrued compensation and benefits	39,081	29,970
Income taxes payable	891	790
Current portion of notes payable	4,355	4,863
Other current liabilities	413	351
Total current liabilities	59,256	50,151
Notes payable, less current portion	84,564	96,860
Deferred income taxes, net	2,223	—
Other long-term liabilities	5,180	3,173
Total liabilities	151,223	150,184
Stockholders' equity:		
Common stock, $0.01 par value; 200,000 shares authorized; 43,623 and 43,221 shares issued at June 30, 2005 and December 31, 2004, respectively	436	432
Additional paid-in capital	354,349	352,456
Treasury stock, at cost (14,877 shares at each June 30, 2005 and December 31, 2004)	(249,538)	(249,538)
Retained earnings	41,020	33,155
Accumulated other comprehensive income	237	271
Total stockholders' equity	146,504	136,776
Total liabilities and stockholders' equity	$ 297,727	$ 286,960

See accompanying notes to unaudited condensed consolidated financial statements.

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AMN HEALTHCARE SERVICES, INC.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenue	$ 160,689	$ 153,368	$ 317,531	$ 314,633
Cost of revenue	123,521	118,386	244,646	243,822
Gross profit	37,168	34,982	72,885	70,811
Operating expenses:				
Selling, general and administrative, excluding non-cash stock-based compensation	26,674	24,023	52,920	48,621
Non-cash stock-based compensation	41	219	81	437
Depreciation and amortization	1,457	1,536	2,536	3,001
Total operating expenses	28,172	25,778	55,537	52,059
Income from operations	8,996	9,204	17,348	18,752
Interest expense, net	1,733	2,118	3,489	4,252
Income before income taxes	7,263	7,086	13,859	14,500
Income tax expense	2,847	2,763	5,450	5,618
Net income	$ 4,416	$ 4,323	$ 8,409	$ 8,882
Net income per common share:				
Basic	$ 0.15	$ 0.15	$ 0.29	$ 0.32
Diluted	$ 0.14	$ 0.14	$ 0.27	$ 0.28
Weighted average common shares outstanding:				
Basic	28,720	28,203	28,549	28,162
Diluted	31,576	31,332	31,519	31,313

See accompanying notes to unaudited condensed consolidated financial statements.

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AMN HEALTHCARE SERVICES, INC.

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

	Six Months Ended June 30, 2005						
	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount					
Balance, December 31, 2004	43,221	$ 432	$ 352,456	$ (249,538)	$ 33,155	$ 271	$ 136,776
Issuance costs of common stock	—	—	—	—	(544)	—	(544)
Exercise of stock options	402	4	1,812	—	—	—	1,816
Stock-based compensation	—	—	81	—	—	—	81
Comprehensive income (loss):							
Foreign currency translation adjustment	—	—	—	—	—	(14)	(14)
Unrealized loss for derivative financial instruments, net of tax	—	—	—	—	—	(20)	(20)
Net income	—	—	—	—	8,409	—	8,409
Total comprehensive income							8,375
Balance, June 30, 2005	43,623	$ 436	$ 354,349	$ (249,538)	$ 41,020	$ 237	$ 146,504

See accompanying notes to unaudited condensed consolidated financial statements.

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AMN HEALTHCARE SERVICES, INC.

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

	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net income	$ 8,409	$ 8,882
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,536	3,001
Provision for (recovery of) bad debts	662	(549)
Non-cash interest expense	655	490
Provision for deferred income taxes	1,964	1,728
Non-cash stock-based compensation	81	437
(Gain) loss on disposal or sale of fixed assets	(61)	7
Changes in assets and liabilities:		
Accounts receivable	431	6,917
Prepaid expenses and other current assets	1,052	1,874
Deposits and other assets	(721)	(120)
Accounts payable and accrued expenses	1,164	(2,202)
Accrued compensation and benefits	9,078	1,512
Income taxes payable	101	(1,952)
Other liabilities	817	862
Net cash provided by operating activities	26,168	20,887
Cash flows from investing activities:		
Purchase and development of fixed assets	(1,952)	(2,533)
Cash paid for acquisition, net of cash received	(410)	—
Net cash used in investing activities	(2,362)	(2,533)
Cash flows from financing activities:		
Capital lease repayments	(155)	(168)
Payments on notes payable	(12,804)	(10,400)
Payment of financing costs	(82)	—
Repurchase of common stock and options	—	(110)
Proceeds from issuance of common stock	1,816	1,505
Issuance costs of common stock	(544)	—
Change in bank overdraft	(1,093)	—
Net cash used in financing activities	(12,862)	(9,173)
Effect of exchange rate changes on cash	(14)	(37)
Net increase in cash and cash equivalents	10,930	9,144
Cash and cash equivalents at beginning of period	3,908	4,687
Cash and cash equivalents at end of period	$ 14,838	$ 13,831
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $15 and $17 capitalized during the six months ended June 30, 2005 and 2004, respectively)	$ 2,894	$ 4,023
Cash paid for income taxes	$ 3,358	$ 5,810
Supplemental disclosures of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	$ 606	$ 8
Net change in foreign currency translation adjustment and unrealized (loss) gain on derivative financial instruments, net of tax	$ (34)	$ 568
Fair value of assets acquired in acquisition, net of cash received	$ 154	$ —
Goodwill	509	—
Noncompete covenants	50	—
Liabilities assumed	(303)	—
Net cash paid for acquisition	$ 410	$ —

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION

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

The condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with United States generally accepted accounting principles. Please refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2004, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

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

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

2. STOCK-BASED COMPENSATION

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

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
As reported:				
Net income	$ 4,416	$ 4,323	$ 8,409	$ 8,882
Stock-based employee compensation, net of tax	$ 24	$ 133	$ 49	$ 267
Net income per common share:				
Basic	$ 0.15	$ 0.15	$ 0.29	$ 0.32
Diluted	$ 0.14	$ 0.14	$ 0.27	$ 0.28
Pro forma:				
Net income, as reported	$ 4,416	$ 4,323	$ 8,409	$ 8,882
Incremental stock-based employee compensation per SFAS No. 123, net of tax	(911)	(700)	(1,670)	(1,277)
Pro forma net income	$ 3,505	$ 3,623	$ 6,739	$ 7,605
Pro forma net income per common share:				
Basic	$ 0.12	$ 0.13	$ 0.24	$ 0.27
Diluted	$ 0.11	$ 0.12	$ 0.21	$ 0.24

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Expected life	5	5	5	5
Risk-free interest rate	4.00%	3.88%	4.00%	3.88%
Volatility	48%	55%	48%	55%
Dividend yield	0%	0%	0%	0%

3. NET INCOME PER COMMON SHARE

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

Options to purchase 1,499,000 shares of common stock for the three and six month periods ended June 30, 2005 and options to purchase 655,000 shares of common stock for the three and six month periods ended June 30, 2004 were not included in the calculations of diluted net income per common share because the effect of these instruments was anti-dilutive.

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table sets forth the computation of basic and diluted net income per common share for the three and six month periods ended June 30, 2005 and 2004 (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income	$ 4,416	$ 4,323	$ 8,409	$ 8,882
Weighted average common shares outstanding—basic	28,720	28,203	28,549	28,162
Net income per common share—basic	$ 0.15	$ 0.15	$ 0.29	$ 0.32
Weighted average common shares outstanding—basic	28,720	28,203	28,549	28,162
Plus dilutive stock options	2,856	3,129	2,970	3,151
Weighted average common shares outstanding—diluted	31,576	31,332	31,519	31,313
Net income per common share—diluted	$ 0.14	$ 0.14	$ 0.27	$ 0.28

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 June 30, 2005 and 2004, comprehensive income was $4,220,000 and $5,203,000 and included a ($172,000) and $910,000 unrealized (loss) gain on interest swap arrangements, net of tax, and a ($24,000) and ($30,000) foreign currency translation adjustment loss, respectively. For the six months ended June 30, 2005 and 2004, comprehensive income was $8,375,000 and $9,450,000 and included a ($20,000) and $605,000 unrealized (loss) gain on interest swap arrangements, net of tax, and a ($14,000) and ($37,000) foreign currency translation adjustment loss, respectively.

5. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

As of June 30, 2005 and December 31, 2004, the Company had the following acquired intangible assets with definite lives (in thousands):

	June 30, 2005		December 31, 2004	
	Gross carrying Amount	Accumulated Amortization	Gross carrying Amount	Accumulated Amortization
Noncompete agreements	$ 250	$ (162)	$ 400	$ (318)
Deferred financing costs	5,701	(2,856)	5,619	(2,201)
Total	$5,951	$ (3,018)	$6,019	$ (2,519)

AMN HEALTHCARE SERVICES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Aggregate amortization expense for the intangible assets presented in the above table was $699,000 and $668,000 for the six months ended June 30, 2005 and 2004, respectively. Amortization of deferred financing costs is included in interest expense. Estimated future aggregate amortization expense of intangible assets as of June 30, 2005 is as follows (in thousands):

	Amount
Six months ending December 31, 2005	$ 492
Year ending December 31, 2006	$ 933
Year ending December 31, 2007	$ 894
Year ending December 31, 2008	$ 610
Year ending December 31, 2009	$ 4

The carrying amount of goodwill was $135,958,000 and $135,449,000 as of June 30, 2005 and December 31, 2004, respectively. The increase in goodwill resulted from the acquisition of O'Grady-Peyton International (Europe) Limited in the second quarter of 2005.

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

The following discussion should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto and other financial information included elsewhere herein and in our Annual Report on Form 10-K for the year ended December 31, 2004. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements."

Overview

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

For the three months ended June 30, 2005, we recorded revenue of $160.7 million, as compared to revenue of $153.4 million for the three months ended June 30, 2004. The number of temporary healthcare professionals on assignment averaged 6,388 and 6,130 in the three months ended June 30, 2005 and 2004, respectively. We recorded net income of $4.4 million for the three months ended June 30, 2005, as compared to net income of $4.3 million for the three months ended June 30, 2004. For the six months ended June 30, 2005, we recorded revenue of $317.5 million, as compared to revenue of $314.6 million for the six months ended June 30, 2004. The number of temporary healthcare professionals on assignment averaged 6,369 and 6,239 in the six months ended June 30, 2005 and 2004, respectively. We recorded net income of $8.4 million for the six months ended June 30, 2005, as compared to net income of $8.9 million for the six months ended June 30, 2004.

Our services are marketed to two distinct customer bases: (1) temporary healthcare professionals and (2) hospital and healthcare facility clients. We use a multi-brand recruiting strategy to enhance our ability to successfully attract temporary healthcare professionals in the United States and internationally. Our separate recruitment brands, American Mobile Healthcare, Medical Express, NursesRx, Preferred Healthcare Staffing, NurseChoice InDemand, Thera Tech Staffing and O'Grady-Peyton International, have distinct geographic market strengths and brand reputations. In July 2005, we launched a differentiated new service offering to address hospitals' urgent need for registered nurses. NurseChoice InDemand is our newest staffing brand, which is targeted to recruit and staff nurses who can begin assignments within one to two weeks in acute care facilities.

Nurses and allied healthcare professionals join us for a variety of reasons that include: seeking flexible work opportunities, traveling to different areas of the country, building their clinical skills and resume by working at prestigious healthcare facilities, and escaping the demands and political environment of working as a permanent staff nurse. Our large number of hospital and healthcare facility clients and different service offerings provide us with the opportunity to offer positions in all 50 states in a variety of work environments and for varying assignment lengths. In addition, we provide our temporary healthcare professionals with an attractive benefits package, including free or subsidized housing, travel reimbursement, professional development opportunities, a 401(k) plan and health insurance. We believe that we attract temporary healthcare professionals due to our long-standing reputation for providing a high level of service, our numerous job opportunities, our benefit packages, our innovative marketing programs and word-of-mouth referrals from our thousands of current and former temporary healthcare professionals.

We generally market our services to hospitals and healthcare facilities as a single staffing provider under our corporate brand, AMN Healthcare, with access to temporary healthcare professionals from separate recruitment brands. As of June 30, 2005, we had over 6,000 hospital and healthcare facility clients. Over 95% of our temporary healthcare professional assignments are at acute care hospitals. Our clients include hospitals and healthcare systems such as Georgetown University Hospital, HCA, NYU Medical Center, Stanford Health Care, UCLA Medical Center and The University of Chicago Hospitals. We also provide services to sub-acute healthcare facilities, dialysis centers, clinics and schools.

Our hospital and healthcare facility clients utilize our services to cost-effectively manage shortages in their staff due to a variety of circumstances, such as the Family Medical Leave Act (FMLA), new unit openings, seasonal patient census variations and other short and long-term staffing needs. In addition to providing continuity of care and quality patient care, we believe hospitals and healthcare facilities contract with us due to our high-quality temporary healthcare professionals, our ability to meet their specific staffing needs, our flexible staffing assignment lengths, our reliable and deep infrastructure, our superior customer service and our ability to offer a large national network of temporary healthcare professionals.

We believe that we have organized our operating model to deliver consistent, high-quality sales and service to our two distinct client bases. Processes within our operating model have been developed and are in place with the intent to maximize the quantity and quality of assignment requests, or “orders,” from our hospital and healthcare facility clients and increase the expediency and probability of successfully placing our temporary healthcare professionals. The consistent quality of the benefit and support services which we provide to our temporary healthcare professionals is also critical to our success because the majority of our temporary healthcare professionals stay with us for multiple assignments.

Recent Trends

From 1996 through 2000, the temporary healthcare staffing industry grew at a compound annual growth rate of 14%, and this growth accelerated to a compound annual growth rate of approximately 24% from 2000 to 2002. During 2003, the demand for temporary healthcare professionals declined due to a number of factors, including economic conditions and hospitals attempting to reduce their outsourced staffing levels.

Demand for our services stabilized from April 2003 through late 2003, and demand increased each quarter from the fourth quarter of 2003 through the second quarter of 2005. We believe that this improvement in demand was caused by a number of factors, including increased hospital admissions, legislation impacting healthcare staffing, such as the California nurse-to-patient staffing ratios that went into effect in January 2004, an improved economy and our increased focus on our hospital and healthcare facility clients. While the rise in demand has been positive and has created opportunities for growth, the supply of new temporary healthcare professionals has not grown at the same pace as demand.

Our supply of temporary healthcare professionals is primarily drawn from national recruitment efforts through our targeted multi-brand recruitment strategy. We believe that sustained growth in hospital and healthcare facility orders will continue to generate increased interest in our services among healthcare professionals and create new recruiting opportunities. In addition to our national recruitment efforts, international supply channels represent a growing supply source.

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 and contingencies and litigation. We state these accounting policies in the notes to the audited financial statements for the year ended December 31, 2004, contained in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission, and in relevant sections in this discussion and analysis. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from these estimates under different assumptions or conditions.

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

Goodwill

We have recorded goodwill resulting from our past acquisitions. Commencing with the adoption of Statement of Financial Accounting Standards, "SFAS," No. 142, Goodwill and Other Intangible Assets, on January 1, 2002, we ceased amortizing goodwill and have thereafter performed annual impairment analyses to assess the recoverability of the goodwill, in accordance with the provisions of SFAS No. 142. Upon our annual impairment analysis on December 31, 2004, we determined that there was no impairment of goodwill. If we are required to record an impairment charge in the future, it could have an adverse impact on our results of operations. As of June 30, 2005 and December 31, 2004, we had $136.0 million and $135.4 million of goodwill recorded on our consolidated balance sheets, respectively. The increase in goodwill is related to an acquisition completed during the three months ended June 30, 2005. The acquisition did not have a material impact on the Company's financial position or results of operations for three months ended June 30, 2005.

Self-Insured Health Insurance Claims Reserve

We maintain an accrual for an estimate of incurred, but not reported, claims arising from self-insured health benefits we provide to our temporary healthcare professionals, which is included in accrued compensation and benefits in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends related to both health insurance claims and payments, information provided to us by our insurance broker and third party administrator and industry experience and trends. If such information indicates that our accruals are overstated or understated, we reduce or provide for additional accruals. Our accrual at June 30, 2005 was based on (i) a monthly average of our actual historical health insurance claim amounts and (ii) the average period of time from the date the claim is incurred to the date that it is reported to us and paid. We believe this is the best estimate of the amount of incurred, but not reported, self-insured health benefit claims at quarter-end. As of June 30, 2005 and December 31, 2004, we had $1.8 million and $2.3 million, respectively, accrued for incurred, but not reported health insurance claims. Historically, our accrual for health insurance has been adequate to provide for incurred claims, and has fluctuated with increases or decreases in the average number of temporary healthcare professionals on assignment, changes in our claims experience and changes in the reporting and processing time for claims.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated credit losses resulting from collection risks, including the inability of our customers to make required payments. This results in a provision for bad debt expense. The allowance for doubtful accounts is reported as a reduction of accounts receivable in our consolidated balance sheets. We determine the adequacy of this allowance by evaluating the credit risk for individual customer receivables, considering the financial condition of each customer and historical payment trends, delinquency trends, credit histories of customers and current economic conditions. If the financial condition of our customers deteriorates, resulting in an impairment of their ability to make payments, additional allowances would be provided. As of June 30, 2005 and December 31, 2004, our allowance for doubtful accounts was $2.1 million and $1.8 million, respectively. The increase in the allowance for doubtful accounts is due primarily to the bankruptcy filing of one healthcare facility client. We believe our allowance for doubtful accounts is adequate to cover future credit losses.

Professional Liability Reserve

We maintain an accrual for an estimate of professional liability self-insured retention limits, net of our insurance recoverable, which is included in accounts payable and accrued expenses in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends, loss reserves established by our insurance carriers and third party administrators, as well as through the use of independent actuarial studies. We obtain updated actuarial studies on a semi-annual basis that use actual claims data to determine the appropriate reserves for incurred, but not reported, professional liability claims for each year. Due to our varied historical claims loss experience, our actuary provides us with a range of incurred, but not reported, claim reserves. The range for the total professional liability reserve at June 30, 2005, which incorporated the range for incurred, but not reported, claims provided by our actuaries, was between $7.2 million and $9.0 million. As of June 30, 2005 and December 31, 2004, we had $7.2 million and $7.0 million, respectively, accrued for professional liability retention. Because of our varied loss history, there is no amount within the range that management or the actuaries believe is a better estimate than any other amount. As such, we accrued the low end of the range at June 30, 2005 and December 31, 2004. The increase in the professional liability accrual was related to an increase in expected claims incurred, but not reported, during the six months ended June 30, 2005, partially offset by payments made during the period.

Workers Compensation Reserve

We maintain an accrual for workers compensation self-insured retention limits, which is included in accrued compensation and benefits in our consolidated balance sheets. We determine the adequacy of this accrual by evaluating our historical experience and trends, loss reserves established by our insurance carriers and third party administrators, as well as through the use of independent actuarial studies. We obtain updated actuarial studies on a semi-annual basis that use actual claims data to determine the appropriate reserve both for reported claims and incurred, but not reported, claims for each policy year. The actuarial study for workers compensation provides us with the estimated losses for prior policy years and an estimated percentage of payroll compensation to be accrued for the current year. We record our accruals based on the amounts provided in the actuarial study, and we believe this is the best estimate of our liability for reported claims and incurred, but not reported, claims. As of June 30, 2005 and December 31, 2004, we had $10.6 million and $8.1 million, respectively, accrued for workers compensation claims. Claim payments made against the reserve during the six months ended June 30, 2005 for the current and prior years lagged behind the additions to the reserve, as reserves continue to remain outstanding for workers compensation claims incurred during the course of the last four years. In addition, $0.9 million of claims administration fees that were incorrectly applied against the reserve in prior years were expensed during the first quarter of 2005, contributing to the increase in the reserve. There has not been any material change in workers compensation rates.

Contingent Liabilities

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

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	76.9	77.2	77.0	77.5
Gross profit	23.1	22.8	23.0	22.5
Selling, general and administrative (excluding non-cash stock-based compensation)	16.6	15.7	16.7	15.4
Non-cash stock-based compensation	0.0	0.1	0.0	0.1
Depreciation and amortization	0.9	1.0	0.8	1.0
Income from operations	5.6	6.0	5.5	6.0
Interest expense, net	1.1	1.4	1.1	1.4
Income before income taxes	4.5	4.6	4.4	4.6
Income tax expense	1.8	1.8	1.7	1.8
Net income	2.7%	2.8%	2.7%	2.8%

Comparison of Results for the Three Months Ended June 30, 2005 to the Three Months Ended June 30, 2004

Revenue. Revenue increased 5%, from $153.4 million for the three months ended June 30, 2004 to $160.7 million for the same period in 2005. Of the $7.3 million increase, $6.4 million was attributable to the increase in the number of temporary healthcare professionals on assignment, which increased 4% from an average of 6,130 for the three months ended June 30, 2004 to an average of 6,388 for the same period in 2005, $0.8 million was attributable to an increase in revenue generated per healthcare professional and $0.1 million was attributable to the shift in the mix from flat rate to payroll contracts.

Cost of Revenue. Cost of revenue increased 4%, from $118.4 million for the three months ended June 30, 2004 to $123.5 million for the same period in 2005. The $5.1 million increase was primarily attributable to the increase in the average number of temporary healthcare professionals on assignment.

Gross Profit. Gross profit increased 6%, from $35.0 million for the three months ended June 30, 2004 to $37.2 million for the same period in 2005, representing gross margins of 22.8% and 23.1%, respectively. The slight increase in gross margin was primarily attributable to decreased housing and health insurance costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, excluding non-cash stock-based compensation, increased 11%, from $24.0 million for the three months ended June 30, 2004 to $26.7 million for the same period in 2005. The $2.7 million increase was primarily attributable to increases in employee expenses from a combination of normal growth in costs per employee and selective headcount additions.

Non-Cash Stock-Based Compensation. We recorded non-cash stock-based compensation charges of $0.2 million for the three months ended June 30, 2004 and less than $0.1 million for the three months ended June 30, 2005. The decrease was due to the cancellation of unvested stock options outstanding during the third quarter of 2004 associated with certain employee terminations.

Depreciation and Amortization. Depreciation expense was $1.4 million and amortization expense was less than $0.1 million for both the three months ended June 30, 2004 and 2005.

Interest Expense, Net. Interest expense, net, was $2.1 million for the three months ended June 30, 2004 as compared to $1.7 million for the same period in 2005. The $0.4 million decrease was attributable to the $39.6 million decrease in debt outstanding from June 30, 2004 to June 30, 2005.

Income Tax Expense. Income tax expense was $2.8 million for the three months ended June 30, 2004 and 2005, reflecting effective income tax rates of 39.0% and 39.2% for these periods, respectively.

Comparison of Results for the Six Months Ended June 30, 2005 to the Six Months Ended June 30, 2004

Revenue. Revenue increased 1%, from $314.6 million for the six months ended June 30, 2004 to $317.5 million for the same period in 2005. This increase is comparable to the increase in the number of temporary healthcare professionals on assignment, which increased 2% from an average of 6,239 for the six months ended June 30, 2004 to an average of 6,369 for the same period in 2005. Of the $2.9 million increase, $6.6 million was attributable to the increase in the average number of temporary healthcare professionals on assignment and $0.5 million was attributable to a shift in the mix from flat rate to payroll contracts. These increases were partially offset by a decrease in revenue per temporary healthcare professional which decreased revenue by $2.4 million and by one less day in the six months ended June 30, 2005, which decreased revenue by approximately $1.8 million.

Cost of Revenue. Cost of revenue increased less than 1%, from $243.8 million for the six months ended June 30, 2004 to $244.6 million for the same period in 2005. Of the $0.8 million increase, $5.1 million was attributable to the increase in the average number of temporary healthcare professionals on assignment and $0.4 million was attributable to a shift in the mix from flat rate to payroll contracts. These increases were partially offset by a reduction in compensation and housing costs per temporary healthcare professional of $3.3 million, which is net of a $0.9 million correcting adjustment to increase our workers' compensation reserve during the first quarter of 2005, and by one less day in the six months ended June 30, 2005, which contributed $1.4 million.

Gross Profit. Gross profit increased 3%, from $70.8 million for the six months ended June 30, 2004 to $72.9 million for the same period in 2005, representing gross margins of 22.5% and 23.0%, respectively. The increase in gross margin was primarily attributable to decreased housing costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, excluding non-cash stock-based compensation, increased 9%, from $48.6 million for the six months ended June 30, 2004 to $52.9 million for the same period in 2005. The $4.3 million increase was primarily attributable to increases in employee expenses from a combination of normal growth in costs per employee and selective headcount additions, and increases in professional liability insurance costs.

Non-Cash Stock-Based Compensation. We recorded non-cash stock-based compensation charges of $0.4 million for the six months ended June 30, 2004 and less than $0.1 million for the same period in 2005. The decrease was due to the cancellation of unvested stock options outstanding during the third quarter of 2004 associated with certain employee terminations.

Depreciation and Amortization. Amortization expense decreased from $0.2 million for the six months ended June 30, 2004 to less than $0.1 million for the same period in 2005. Depreciation expense decreased 11% from $2.8 million for the six months ended June 30, 2004 to $2.5 million for the same period in 2005. The decrease was attributable to a $0.3 million reversal of depreciation expense during the first quarter of 2005 related to depreciation expense incorrectly recorded in previous years on assets which were fully depreciated.

Interest Expense, Net. Interest expense, net, was $4.3 million for the six months ended June 30, 2004 as compared to $3.5 million for the same period in 2005. The $0.8 million decrease was attributable to the $39.6 million decrease in debt outstanding from June 30, 2004 to June 30, 2005.

Income Tax Expense. Income tax expense decreased from $5.6 million for the six months ended June 30, 2004 to $5.5 million for the same period in 2005, reflecting effective income tax rates of 38.7% and 39.3% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to changes in the state tax provision.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facility. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facility. At June 30, 2005, $88.9 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 June 30, 2005, our days sales outstanding ("DSO") was 61 days. At June 30, 2004, our DSO was 66 days and at December 31, 2004, our DSO was 63 days. The decrease in DSO compared to June 30, 2004 was primarily related to the return to normal client billing and collection processes during 2004 after a temporary delay in processing client billings associated with the implementation of a new payroll and billing system in November 2003 and the resulting improvement in these processes due to the upgraded system. Our principal sources of cash to fund our working capital needs are cash generated from operating activities and borrowings under our revolving credit facility. Net cash provided by operations increased $5.3 million from $20.9 million in the six months ended June 30, 2004 to $26.2 million in the six months ended June 30, 2005. This increase in net cash provided by operations was primarily related to an increase in accrued compensation due to the timing of pay dates for both our temporary healthcare professionals and corporate employees.

Investing Activities:

We continue to have relatively low capital investment requirements. Capital expenditures were $2.5 million and $2.4 million for the six months ended June 30, 2004 and 2005, respectively. For the first six months of 2005, our capital expenditures were $1.5 million for purchased and internally developed software, $0.5 million for computers, furniture and equipment and other expenditures, and $0.4 million for an acquisition.

Financing Activities:

In July 2004, we amended our credit facility to provide for increased flexibility under our financial covenants, an increase in the amount available under our letter of credit sub-facility and a 25 basis point increase in the interest rate margin in the event of a downgrade in our credit rating. Based on our outstanding indebtedness at June 30, 2005, a downgrade in our credit rating and the resulting revised pricing would increase our interest expense by $0.2 million on an annualized basis. Since the amendment of our credit facility in July 2004, we have not had a downgrade in our credit rating. In March 2005, we again amended our credit facility to provide for increased flexibility under our financial covenants.

The revolving credit facility carries an unused fee of 0.5% per annum, and there are no mandatory reductions in the revolving commitment under the revolving credit facility. Borrowings under this revolving credit facility bear interest at floating rates based upon either a LIBOR or a prime interest rate option selected by us, plus a spread, to be determined based on our leverage ratio. Amounts available under our revolving credit facility may be used for working capital, acquisitions and general corporate purposes, subject to various limitations.

The five year, $130 million term loan portion of our credit facility is subject to quarterly amortization of principal (in equal installments), with an amount equal to 1.15% of the initial aggregate principal amount of the facility payable quarterly. These quarterly payments began on June 30, 2004 and continue until 2008 with any remaining amounts payable in 2008. Voluntary prepayments of the term loan portion of the credit facility are applied ratably to the remaining quarterly amortization payments. The mandatory installments were reduced after the initial installment due to $24.3 million of voluntary prepayments made during 2004 and an additional voluntary prepayment of $10.5 million made during the three months ended March 31, 2005. We have paid all required principal installments, including the installment of $1.1 million due June 30, 2005.

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

We are also required to maintain interest rate protection on at least 50% of the term loan portion of our credit facility until January 1, 2006. In October 2003, we entered into three interest rate swap arrangements to minimize our exposure to interest rate fluctuations on $110 million of our outstanding variable rate debt under our credit facility, of which the first arrangement expired in September 2004. The two remaining interest rate swaps have notional amounts of $50,000,000 and $30,000,000, whereby we pay fixed rates of 2.06% and 2.65%, respectively, and receive a floating three-month LIBOR. These two remaining agreements expire in September 2005 and September 2006, respectively, and no initial investments were made to enter into these agreements. At June 30, 2005 and December 31, 2004, the interest rate swap agreements had a fair value of $0.6 million and $0.7 million, respectively, which is included in other assets in the accompanying consolidated balance sheets. We have formally documented the hedging relationships and account for these arrangements as cash flow hedges.

As of June 30, 2005 and December 31, 2004, our credit facility also served to collateralize certain letters of credit aggregating $7.2 million, issued by us in the normal course of business.

Potential Fluctuations in Quarterly Results and Seasonality

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

Special Note Regarding Forward-Looking Statements

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

- our ability to continue to recruit and retain qualified temporary healthcare professionals at reasonable costs;
- our ability to attract and retain sales and operational personnel;
- our ability to enter into contracts with hospitals and other healthcare facility clients on terms attractive to us and to secure orders related to those contracts;
- our ability to demonstrate the value of our services to our healthcare and facility clients;
- changes in the timing of hospital and healthcare facility clients' orders for and our placement of temporary healthcare professionals;
- the general level of patient occupancy at our hospital and healthcare facility clients' facilities;
- the overall level of demand for services offered by temporary healthcare staffing providers;
- the ability of our hospital and healthcare facility clients to retain and increase the productivity of their permanent staff;
- the variation in pricing of the healthcare facility contracts under which we place temporary healthcare professionals;
- our ability to successfully implement our strategic growth, acquisition and integration strategies;
- our ability to leverage our cost structure;
- the performance of our management information and communication systems;

- the effect of existing or future government legislation and regulation;
- our ability to grow and operate our business in compliance with these legislation and regulations;
- the impact of medical malpractice and other claims asserted against us;
- the disruption or adverse impact to our business as a result of a terrorist attack;
- our ability to carry out our business strategy;
- the loss of key officers, and management personnel could adversely affect our ability to remain competitive;
- the effect of recognition 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, 2004 and our Current Reports on Form 8-K, and our Registration Statement on Form S-3 (file No. 333-123873). 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 2005 and 2004, our primary exposure to market risk was interest rate risk associated with our debt instruments. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" for further description of our debt instruments. Excluding the effect of our interest rate swap arrangements, a 1% change in interest rates on variable rate debt would have resulted in interest expense fluctuating approximately $0.5 million during the six months ended June 30, 2005.

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

Item 4. ***Controls and Procedures***

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of June 30, 2005 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission's rules and forms.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 4. ***Submission of Matters to a Vote of Security Holders***

We held our Annual Meeting of Stockholders on May 4, 2005. The matters submitted to a vote of our stockholders were (i) the election of seven directors to our Board of Directors, and (ii) ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005.

Our stockholders also ratified the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005. The results of the voting were as follows:

Votes For	Votes Against	Abstained
26,814,232	107,156	4,034

Item 5. ***Other Information***

Secondary Offerings

We completed secondary offerings of our common stock for 2,300,000 and 10,631,303 shares on April 18, 2005 and May 27, 2005, respectively. All of the 12,931,303 shares were sold by affiliates of Haas Wheat & Partners, L.P. (the "HWP Stockholders"), a private equity investment firm whose affiliates had owned shares of the company since 1999. We incurred issuance costs associated with the offerings of approximately $0.5 million during the second quarter, which were recorded in the Company's stockholders' equity.

Director Resignation

Robert B. Haas resigned from our Board of Directors effective June 10, 2005. Mr. Haas decided to resign as a director due to the sale of all of the common stock by the HWP Stockholders through the secondary offerings of company shares and other personal commitments.

Item 6. ***Exhibits***

Exhibit No.	Description of Document
1.1	Underwriting Agreement dated April 18, 2005, by and among AMN Healthcare Services, Inc., HWH Capital Partners, L.P., HWH Nightingale Partners, L.P., HWP Capital Partners II, L.P., HWP Nightingale Partners II, L.P. and underwriter**
1.2	Underwriting Agreement dated May 23, 2005, by and among AMN Healthcare Services, Inc., HWH Capital Partners, L.P., HWP Capital Partners II, L.P., HWH Nightingale Partners, L.P., HWP Nightingale Partners II, L.P. and underwriters***
31.1	Certification by pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification by pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification by 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 pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith.
** Incorporated by reference to the exhibits filed with the Registrant's Current Report on Form 8-K filed on April, 22, 2005.
*** Incorporated by reference to the exhibits filed with the Registrant's Current Report on Form 8-K filed on May 25, 2005.

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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: August 8, 2005

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. NOWAKOWSKI

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

Date: August 8, 2005

/s/ DAVID C. DREYER

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

Exhibit 31.1

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

I, Susan R. Nowakowski, certify that:

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

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

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

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

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

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

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

d) Disclosed in this report any change in the registrant's internal 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: August 8, 2005

	/s/ SUSAN R. NOWAKOWSKI
Name:	**Susan R. Nowakowski**
Title:	**Chief Executive Officer and President**

Exhibit 31.2

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

I, David C. Dreyer, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this 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 controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

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

Date: August 8, 2005

/s/ DAVID C. DREYER

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

Exhibit 32.1

AMN Healthcare Services, Inc.

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

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Susan R. Nowakoswki, 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: August 8, 2005

/s/ SUSAN R. NOWAKOWSKI

Susan R. Nowakowski
Chief Executive Officer and President

Exhibit 32.2

AMN Healthcare Services, Inc.

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

In connection with the Quarterly Report of AMN Healthcare Services, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Dreyer, Chief Accounting Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 8, 2005

/s/ DAVID C. DREYER

David C. Dreyer
Chief Accounting Officer and Chief Financial Officer