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

Form 10-Q

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

For the quarterly period ended March 31, 2010

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

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

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

As of May 5, 2010, there were 32,777,238 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)

	March 31, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,567	$ 27,053
Accounts receivable, net of allowances of $4,800 and $5,309 at March 31, 2010 and December 31, 2009, respectively	89,085	89,498
Prepaid expenses	7,152	6,550
Income taxes receivable	2,735	3,900
Deferred income taxes, net	8,534	8,534
Other current assets	6,039	1,902
Total current assets	150,112	137,437
Restricted cash and cash equivalents	22,022	22,025
Fixed assets, net	18,538	19,970
Deposits and other assets	14,432	14,368
Goodwill	79,868	79,868
Intangible assets, net	114,135	115,336
Total assets	$ 399,107	$ 389,004
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 24,493	$ 18,057
Accrued compensation and benefits	28,178	24,054
Current portion of notes payable	6,875	5,500
Deferred revenue	5,158	5,084
Other current liabilities	10,042	10,404
Total current liabilities	74,746	63,099
Notes payable, less current portion and discount	97,721	100,121
Deferred income taxes, net	—	789
Other long-term liabilities	52,664	54,151
Total liabilities	225,131	218,160
Stockholders' equity:		
Preferred stock, $0.01 par value; 10,000 shares authorized; none outstanding at March 31, 2010 and December 31, 2009	—	—
Common stock, $0.01 par value; 200,000 shares authorized; 45,801 shares issued at March 31, 2010 and December 31, 2009	458	458
Additional paid-in capital	420,042	417,693
Treasury stock, at cost (13,170 shares at March 31, 2010 and December 31, 2009)	(230,138)	(230,138)
Accumulated deficit	(15,932)	(16,712)
Accumulated other comprehensive loss	(454)	(457)
Total stockholders' equity	173,976	170,844
Total liabilities and stockholders' equity	$ 399,107	$ 389,004

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Revenue	$ 143,294	$ 249,595
Cost of revenue	103,250	185,612
Gross profit	40,044	63,983
Operating expenses:		
Selling, general and administrative	31,950	50,080
Depreciation and amortization	3,298	3,467
Impairment and restructuring charges	—	178,625
Total operating expenses	35,248	232,172
Income (loss) from operations	4,796	(168,189)
Interest expense, net	2,637	2,199
Income (loss) before income taxes	2,159	(170,388)
Income tax expense (benefit)	1,379	(48,554)
Net income (loss)	$ 780	$ (121,834)
Net income (loss) per common share:		
Basic	$ 0.02	$ (3.74)
Diluted	$ 0.02	$ (3.74)
Weighted average common shares outstanding:		
Basic	32,631	32,576
Diluted	33,471	32,576

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
Three Months Ended March 31, 2010
(Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount		Shares	Amount			
Balance, December 31, 2009	45,801	$ 458	$417,693	13,170	$(230,138)	$ (16,712)	$ (457)	$170,844
Stock-based compensation	—	—	2,349	—	—	—	—	2,349
Comprehensive income:								
Foreign currency translation adjustment	—	—	—	—	—	—	3	3
Net income	—	—	—	—	—	780	—	780
Total comprehensive income								783
Balance, March 31, 2010	45,801	$ 458	$420,042	13,170	$(230,138)	$ (15,932)	$ (454)	$173,976

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Three Months Ended March 31,	
	2010	2009
Cash flows from operating activities:		
Net income (loss)	$ 780	$(121,834)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,298	3,467
Non-cash interest expense	785	367
Increase in allowances for doubtful accounts and sales credits	439	1,187
Provision for deferred income taxes	(789)	(49,574)
Stock-based compensation	2,349	2,675
Impairment charges	—	175,707
Loss on disposal or sale of fixed assets	6	29
Changes in assets and liabilities:		
Accounts receivable	(26)	32,999
Income taxes receivable	1,165	(1,008)
Prepaid expenses and other current assets	(4,739)	463
Deposits and other assets	(428)	2,381
Accounts payable and accrued expenses	6,436	247
Accrued compensation and benefits	4,124	(8,143)
Other liabilities	(1,685)	(1,406)
Net cash provided by operating activities	11,715	37,557
Cash flows from investing activities:		
Purchase and development of fixed assets	(671)	(1,230)
Change in restricted cash and cash equivalents balance	3	—
Net cash used in investing activities	(668)	(1,230)
Cash flows from financing activities:		
Capital lease payments	(161)	(175)
Payments on notes payable	(1,375)	(1,784)
Payments on revolving credit facility	—	(25,000)
Change in bank overdraft	—	(3,995)
Net cash used in financing activities	(1,536)	(30,954)
Effect of exchange rate changes on cash	3	(14)
Net increase in cash and cash equivalents	9,514	5,359
Cash and cash equivalents at beginning of period	27,053	11,316
Cash and cash equivalents at end of period	$36,567	$ 16,675
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $2 and $8 capitalized for the three months ended March 31, 2010 and 2009, respectively)	$ 1,825	$ 1,724
Cash paid for income taxes	$ 761	$ 1,008
Supplemental disclosures of non-cash investing and financing activities:		
Fixed assets acquired through capital leases	$ —	$ 1,982

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

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 consist only of normal recurring items. The results of operations for the interim period are not necessarily indicative of the results to be expected for any other interim period or for the entire fiscal year.

The condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States. Please refer to the Company's audited consolidated financial statements and the related notes for the year ended December 31, 2009, contained in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC").

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

Certain amounts in the condensed consolidated financial statements for the three months ended March 31, 2009 have been reclassified to conform to the three months ended March 31, 2010 presentation.

The Company has evaluated subsequent events through the time of filing this Form 10-Q with the SEC, and determined there were no items to disclose.

Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") updated its disclosure requirements related to fair value measurements. The update requires additional disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. The disclosure about purchases, sales, issuances, and settlements relating to Level 3 measurements is effective for interim and annual reporting periods beginning after December 15, 2010. Early adoption is permitted. All other requirements of the update are effective for interim and annual reporting periods beginning after December 15, 2009. The Company adopted this guidance beginning January 1, 2010, and the adoption did not have a material effect on its consolidated financial condition and results of operations.

2. REVENUE RECOGNITION

Revenue consists of fees earned from the permanent and temporary placement of healthcare professionals. Revenue is recognized when earned and realizable. The Company has entered into certain contracts with healthcare organizations to provide vendor management services. Under these contract arrangements, the Company uses its temporary healthcare professionals along with those of third party subcontractors to fulfill customer orders. If a subcontractor is used, revenue is recorded net of any related subcontractor liability. The resulting net revenue represents the administrative fee charged by the Company for its vendor management services. The subcontractor is paid once the Company has received payment from the customer. Receivables for subcontractor revenue of $4,624 was included in other current assets and payables to the subcontractors of $4,969 was included in accounts payable and accrued expenses in the condensed consolidated balance sheet as of March 31, 2010.

3. STOCK-BASED COMPENSATION

Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite vesting period.

During the three months ended March 31, 2010, the Company granted 570 shares of stock appreciation rights ("SARs") and 764 shares of restricted stock units ("RSUs") to its employees. The weighted average grant date fair value was $2.95 per SAR and $8.78 per RSU. The following table shows the total stock-based compensation expense, related to all of the Company's equity awards, recognized for the three month periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Stock-based employee compensation, before tax	$2,349	$ 2,675
Related income tax benefit	(911)	(1,044)
Stock-based employee compensation, net of tax	$1,438	$ 1,631

There was no cash impact for excess tax benefits related to equity awards exercised and vested during both three month periods ended March 31, 2010 and 2009.

As of March 31, 2010, there was $3,056 of pre-tax total unrecognized compensation cost related to non-vested stock options and SARs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a weighted average remaining period of 2.2 years. As of March 31, 2010, there was $11,179 of pre-tax total unrecognized compensation cost related to non-vested RSUs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a period of 2.2 years.

4. NET INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is calculated by dividing net income (loss) 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 stock-based equity instruments.

Stock-based awards to purchase 2,183 shares of common stock for the three month periods ended March 31, 2010 were not included in the calculations of diluted net income per common share because the effect of these instruments was anti-dilutive. All of the 4,558 shares of outstanding equity awards as of March 31, 2009 were anti-dilutive due to the net loss for the first quarter of 2009. The following table sets forth the computation of basic and diluted net income (loss) per common share for the periods ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Net income (loss)	$ 780	$(121,834)
Net income (loss) per common share—basic	$ 0.02	$ (3.74)
Net income (loss) per common share—diluted	$ 0.02	$ (3.74)
Weighted average common shares outstanding—basic	32,631	32,576
Plus dilutive equity awards	840	—
Weighted average common shares outstanding—diluted	33,471	32,576

5. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

As of March 31, 2010 and December 31, 2009, the Company had the following intangible assets:

	March 31, 2010			December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Staffing databases	$ 2,430	$ (2,071)	$ 359	$ 2,430	$ (1,922)	$ 508
Customer relationships	36,400	(11,632)	24,768	36,400	(10,910)	25,490
Tradenames and trademarks	13,551	(2,447)	11,104	13,551	(2,230)	11,321
Noncompete agreements	1,430	(1,072)	358	1,430	(1,003)	427
Acquired technology	800	(457)	343	800	(418)	382
Online courses	59	(56)	3	59	(51)	8
	$ 54,670	$ (17,735)	$ 36,935	$ 54,670	$ (16,534)	$ 38,136
Intangible assets not subject to amortization:						
Goodwill			$ 79,868			$ 79,868
Tradenames and trademarks			77,200			77,200
			$ 157,068			$ 157,068
Accumulated goodwill impairment loss:			$ 173,007			$ 173,007

Aggregate amortization expense for the intangible assets presented in the above table was $1,201 and $1,205 for the three months ended March 31, 2010 and 2009, respectively. Estimated future aggregate amortization expense of intangible assets as of March 31, 2010 is as follows:

	Amount
Nine months ending December 31, 2010	$ 3,411
Year ending December 31, 2011	3,788
Year ending December 31, 2012	3,441
Year ending December 31, 2013	3,173
Year ending December 31, 2014	3,161
Thereafter	19,961
	$ 36,935

6. SEGMENT INFORMATION

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

The Company's management relies on internal management reporting processes that provide revenue and segment operating income for making financial decisions and allocating resources. Segment operating income includes income from operations before depreciation, amortization of intangible assets, stock-based compensation expense, impairment and restructuring charges and other unallocated corporate overhead. The Company's management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed.

The following table presents revenue and segment operating income by reportable segment and was derived from the segment's internal financial information as used for corporate management purposes:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Revenue:		
Nurse and allied healthcare staffing	$ 75,191	$ 163,850
Locum tenens staffing	60,388	74,791
Physician permanent placement services	7,715	10,954
	$ 143,294	$ 249,595
Segment operating income:		
Nurse and allied healthcare staffing	$ 8,734	$ 14,722
Locum tenens staffing	5,471	4,653
Physician permanent placement services	1,966	3,275
	16,171	22,650
Unallocated corporate overhead	5,728	6,072
Depreciation and amortization	3,298	3,467
Stock-based compensation	2,349	2,675
Impairment charges and restructuring charges	—	178,625
Interest expense, net	2,637	2,199
Income (loss) before income taxes	$ 2,159	$ (170,388)

7. FAIR VALUE MEASUREMENT

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

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

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

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

Financial assets and liabilities

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. As of March 31, 2010 and December 31, 2009, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included the restricted cash and cash equivalents and the Company's investments associated with the Company's Executive Nonqualified Excess Plan ("Excess Benefit Plan"). The Company's restricted cash and cash equivalents typically consist of cash and U.S. Treasury securities, and the fair value is based on quoted prices in active markets for identical assets. The Company's investments associated with its Excess Benefit Plan typically consist of money market funds and mutual funds that are publicly traded and for which market prices are readily available.

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

	Fair Value Measurements as of March 31, 2010			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S Treasury securities	$21,797	$ 21,797	$ —	$ —
Trading securities investment	149	149	—	—
Total financial assets measured at fair value	$21,946	$ 21,946	$ —	$ —

	Fair Value Measurements as of December 31, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S Treasury securities	$21,797	$ 21,797	$ —	$ —
Trading securities investment	140	140	—	—
Total financial assets measured at fair value	$21,937	$ 21,937	$ —	$ —

Non-financial assets and liabilities

The Company applies fair value techniques on a non-recurring basis associated with valuing potential impairment losses related to goodwill and indefinite-lived intangible assets. The Company evaluates goodwill annually for impairment at the reporting unit level and whenever circumstances occur indicating that goodwill might be impaired. The Company determines the fair value of its reporting units based on a combination of inputs including the market capitalization of the Company as well as Level 3 inputs such as discounted cash flows which are not observable from the market, directly or indirectly. In addition, the Company evaluates indefinite-lived intangible assets annually for impairment and whenever circumstances occur indicating that our indefinite-lived intangible assets might be impaired. The Company determined the fair value of its indefinite-lived intangible assets using the income approach (relief-from-royalty method), based on level 3 inputs. There were no fair value measurements of non-financial assets and liabilities during the three months ended March 31, 2010.

8. INCOME TAXES

The Company recorded an income tax expense of $1,379 for the three months ended March 31, 2010 as compared to income tax benefit of $48,554 for the same period in 2009, reflecting effective income tax rates of 63.9% and 28.5% for these periods, respectively.

The effective income tax rate of 63.9% for the three months ended March 31, 2010 was greater than the federal statutory rate of 35% due to a state tax rate, net of federal benefit, of 7.2%, a rate impact from provisions for uncertain tax positions of 18.6%, and an additional rate impact from other items of 3.1%. The effective tax rate of 28.5% for the three months ended March 31, 2009 was primarily attributable to the goodwill impairment charges recorded during the first quarter of 2009, a portion of which was permanently nondeductible for tax purposes, and an increase in our unrecognized tax benefits.

Management believes it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets, and accordingly, has not provided a valuation allowance for these assets.

9. RESTRUCTURING

During 2009, the Company made adjustments to its branding strategy and infrastructure. These actions included consolidating office locations and nursing brands and centralizing back office and corporate functions, resulting in reduced overall headcount and facility costs. The restructuring was driven by long-term strategic branding and operational decisions as well as responding to the economic conditions.

A reconciliation of amounts accrued as of March 31, 2010, which was approximate to their fair value due to the short term payment period, is as follows:

	Balance December 31, 2009	Accruals	Payments	Balance March 31, 2010
Employee termination benefits	$ 191	$ —	$ (107)	$ 84
Contract termination costs and other	3,066	—	(468)	2,598
Total	$ 3,257	$ —	$ (575)	$ 2,682

As of March 31, 2010, $1,188 of the accrued restructuring balance was included in other current liabilities and $1,494 was included in other long-term liabilities in the condensed consolidated balance sheet. The Company expects to substantially utilize the accruals by 2011.

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, 2009. Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements." We undertake no obligation to update the forward-looking statements in this 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.

Overview

We are one of the nation's leading providers of comprehensive healthcare staffing and management services. As a leading provider of travel nurse and allied staffing services, locum tenens (temporary physician staffing) and physician permanent placement services, we recruit and place healthcare professionals on assignments of variable lengths and in permanent positions with clients throughout the United States, who range from acute-care hospitals and physician practice groups to other healthcare settings, including rehabilitation centers, dialysis clinics, pharmacies, home health service providers and ambulatory surgery centers. We also offer flexible, customized workforce management solutions to healthcare organizations through our managed services program and recruitment process outsourcing services.

We conduct business through three reportable segments: nurse and allied healthcare staffing, locum tenens staffing and physician permanent placement services.

For the three months ended March 31, 2010, we recorded revenue of $143.3 million, as compared to revenue of $249.6 million for the same period last year. We recorded net income of $0.8 million for the three months ended March 31, 2010, as compared to a net loss of $(121.8) million for the same period last year.

Nurse and allied healthcare staffing segment revenues comprised 53% and 66% of total consolidated revenues in the first quarter of 2010 and 2009, respectively. Through our nurse and allied healthcare staffing segment, we provide hospitals and other healthcare facilities with staffing solutions to address anticipated or longer-term staffing requirements. With a core focus on the 13 week travel segment serving acute care facilities, we also offer a broader range of short and long-term assignment lengths, and service a wide range of client facility settings. We also provide managed staffing services and recruitment process outsourcing programs, which leverage our expertise and support systems to offer clients a means to replace or complement their existing internal recruitment function for permanent staffing needs.

Locum tenens staffing segment revenues comprised 42% and 30% of total consolidated revenues in the first quarter of 2010 and 2009, respectively. Through our locum tenens staffing segment, we place physicians of all specialties, as well as dentists, certified registered nurse anesthetists and nurse practitioners, with clients on a temporary basis as independent contractors. These locum tenens physicians and other professionals are used by our healthcare facility and physician practice group clients to fill temporary vacancies created by vacation and leave schedules and to bridge the gap while these clients seek permanent candidates or explore expansion opportunities. Our clients represent a diverse group of healthcare organizations throughout the United States, including hospitals, medical groups, occupational medical clinics, individual practitioners, networks, psychiatric facilities, government institutions, and managed care entities. The professionals we place are recruited nationwide and are typically placed on multi-week contracts with assignment lengths ranging from a few days up to one year.

Physician permanent placement services segment revenues comprised 5% and 4% of total consolidated revenues in the first quarter of 2010 and 2009, respectively. Through our physician permanent placement services segment, we assist hospitals, healthcare facilities and physician practice groups throughout the United States in identifying and recruiting physicians for permanent placement. Using a distinctive consultative approach, we are paid for our services through a blend of retained search fees and variable fees tied to our performance. Our broad specialty offerings include over 70 specialist and sub-specialist opportunities such as internal medicine, family practice and orthopedic surgery.

Management Initiatives

Beginning in late 2008 and throughout 2009, we began a disciplined process to evaluate the effectiveness of our brand strategy. Based on extensive research, decisions were made to evolve our brand to advance the company's long-term business strategy. In January 2010, we launched a new corporate brand identity. Our new logo, which is displayed next to many of our brand names, is a visual representation of how the organization's many parts collaborate, connect, and complement each other in a way that is unique to AMN Healthcare.

Recent Trends

Within our temporary staffing businesses, we continue to experience lower demand and revenue coincident with the deterioration of the general economy and rise in general unemployment. Demand for our services has stabilized, but remains at levels below what we have experienced prior to the recession. This demand environment has been felt consistently across the industry based on the most recent reports from our public competitors. For our clients, the economic conditions have severely constricted budgets and access to operating capital, lowered permanent staff attrition rates, and increased uncertainty regarding future patient admission levels and the collectability of receivables. These factors have, in turn, reduced demand for our services as hospitals have placed an increased reliance on permanent labor to meet staffing needs.

More recent demand has favored nurses who can offer a more specialized skill set with a shorter assignment length. In 2010, order levels in our nurse and allied healthcare staffing segment have begun to show signs of stabilization, though remain much lower than historical levels. Thus far, renewed order levels have not translated into sustained volume stability.

Within the allied staffing business, continued strength in demand for several supply-constrained therapy disciplines was tempered by a continued weakness in demand for imaging technicians due in large part to lower government reimbursement levels and a strong supply of available technicians.

Locum tenens demand continues to be impacted by changes in radiology reimbursement, and demand for anesthesiologists and certified nurse anesthetists is also being impacted by lower demand for anesthesia services due to the overall reduction in elective surgeries.

In these tight demand environments, we are seeing our hospital clients reduce the vendors with whom they choose to work migrating to preferred vendor relationships. During the past year, we have substantially increased the number of preferred relationships in our nursing business.

Our physician permanent placement business also experienced lower demand for services during 2009 as clients responded to weak economic conditions and budget pressure by pursuing only critical searches and reducing their overall recruiting efforts. Over the past several months, we have seen the demand for our services increase, but overall demand is still at levels below those experienced prior to the recession.

During March 2010, comprehensive health care reform legislation under the Affordable Care Act (the "Act") was signed into law. In addition to broadly expanding healthcare coverage, which will be phased in over several years, the Act will significantly impact the governmental healthcare programs our clients participate in, and reimbursements received thereunder from governmental or third-party payors.

Critical Accounting Principles and Estimates

Our critical accounting principles and estimates, except for a supplement to our revenue recognition policy as described in Note (2) of our Notes to the accompanying condensed consolidated financial statements, remain consistent with those reported in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission.

Results of Operations

The following table sets forth, for the periods indicated, selected condensed consolidated statements of operations data as a percentage of revenue:

	Three Months Ended March 31,	
	2010	2009
Revenue	100.0%	100.0%
Cost of revenue	72.1	74.4
Gross profit	27.9	25.6
Selling, general and administrative	22.3	20.1
Depreciation and amortization expense	2.3	1.4
Impairment and restructuring charges	—	71.6
Income (loss) from operations	3.3	(67.5)
Interest expense, net	1.8	0.9
Income (loss) before income taxes	1.5	(68.4)
Income tax expense (benefit)	1.0	(19.5)
Net income (loss)	0.5%	(48.9)%

Comparison of Results for the Three Months Ended March 31, 2010 to the Three Months Ended March 31, 2009

Revenue. Revenue decreased 43% to $143.3 million for the three months ended March 31, 2010 from $249.6 million for the same period in 2009, primarily due to a decrease in the average number of temporary healthcare professionals on assignment.

Nurse and allied healthcare staffing segment revenue decreased 54% to $75.2 million for the three months ended March 31, 2010 from $163.9 million for the same period in 2009. The $88.7 million decrease was primarily attributable to a decrease in the average number of temporary healthcare professionals on assignment.

Locum tenens staffing segment revenue decreased 19% to $60.4 million for the three months ended March 31, 2010 from $74.8 million for the same period in 2009. Of the $14.4 million decrease, $13.4 million was attributable to a decrease in the number of days filled by healthcare professionals during the three months ended March 31, 2010 and $1.0 million was attributable to the net effect of an increasing percentage of our days filled being attributable to the lower bill rate specialties, partially offset by an increase in the average daily rate billed to clients.

Physician permanent placement services segment revenue decreased 29% to $7.7 million for the three months ended March 31, 2010 from $10.9 million for the same period in 2009. The decrease was primarily attributable to a decrease in the number of placements during the three months ended March 31, 2010.

Cost of Revenue. Cost of revenue of $103.3 million represented 72.1% of revenue for the three months ended March 31, 2010, as compared to $185.6 million or 74.4% of revenue for the same period in 2009. The decrease was primarily due to a decrease in the average number of temporary healthcare professionals on assignment.

Nurse and allied healthcare staffing segment cost of revenue decreased 56% to $55.4 million for the three months ended March 31, 2010 from $126.2 million for the same period in 2009. Of the $70.8 million decrease, $68.6 million was attributable to the decrease in the average number of temporary healthcare professionals on assignment and $2.2 million was attributable to a decrease in direct costs per healthcare professional.

Locum tenens staffing segment cost of revenue decreased 19% to $44.6 million for the three months ended March 31, 2010 from $55.2 million for the same period in 2009. Of the $10.6 million decrease, $9.8 million was attributable to a decrease in the number of days filled by healthcare professionals during the three months ended March 31, 2010, and $0.8 million was attributable to the net of effect of an increasing percentage of our days filled being attributable to the lower pay rate specialties, partially offset by an increase in the average daily rate paid to the healthcare professionals.

Physician permanent placement services segment cost of revenue decreased 21% to $3.3 million for the three months ended March 31, 2010 from $4.2 million for the same period in 2009 due to lower recruiter headcount and reduced direct marketing cost.

Gross Profit. Gross profit decreased 38% to $40.0 million for the three months ended March 31, 2010 from $64.0 million for the same period in 2009, representing gross margins of 27.9% and 25.6%, respectively. The increase in gross margin was due to an improvement in gross margin within the nurse and allied healthcare staffing segment as well as our higher margin physician permanent placement services segment representing a larger proportion of our business mix. Gross margin by reportable segment for the three months ended March 31, 2010 and 2009 was 26.3% and 23.0% for nurse and allied healthcare staffing, 26.2% and 26.2% for locum tenens staffing and 57.9% and 61.6% for physician permanent placement services, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased 36% to $32.0 million for the three months ended March 31, 2010 from $50.1 million for the same period in 2009. The decrease was primarily due to lower employee and office related expenses as a result of cost-reduction actions taken throughout 2009. Included in selling, general and administrative expenses is unallocated corporate overhead, which, excluding stock-based compensation expense, were $5.7 million and $6.1 million for the three months ended March 31, 2010 and 2009, respectively. Excluding unallocated corporate overhead and stock-based compensation expense, selling, general and administrative expenses by reportable segment were $11.1 million and $22.9 million for nurse and allied healthcare staffing, $10.3 million and $14.9 million for locum tenens staffing and $2.5 million and $3.5 million for physician permanent placement services, for the three months ended March 31, 2010 and 2009, respectively.

Impairment and Restructuring Charges. No impairment and restructuring charges were incurred during the three months ended March 31, 2010, as compared to a $178.6 million of impairment and restructuring charges recorded for the same period in 2009. Of the $178.6 million of impairment and restructuring charges recorded during the three months ended March 31, 2009, $175.7 million was impairment charges related to goodwill and indefinite-lived intangibles and $2.9 million was restructuring charges.

Depreciation and Amortization Expense. Amortization expense was $1.2 million for each of the three months ended March 31, 2010 and 2009. Depreciation expense decreased 9% to $2.1 million for the three months ended March 31, 2010 from $2.3 million for the same period in 2009, with the decrease primarily attributable to certain fixed assets having been fully depreciated during the three months ended March 31, 2010.

Interest Expense, Net. Interest expense, net, was $2.6 million for the three months ended March 31, 2010 as compared to $2.2 million for the same period in 2009. The increase was primarily attributable to a higher interest rate on the new credit agreement we entered into in December 2009.

Income Tax Expense (benefit). The Company recorded an income tax expense of $1.4 million for the three months ended March 31, 2010 as compared to income tax benefit of $(48.6) million for the same period in 2009, reflecting effective income tax rates of 63.9% and 28.5% for these periods, respectively. The increase in the effective income tax rate was primarily attributable to the relationship of pre-tax income to permanent differences and the impact of provisions for uncertain tax positions. See additional information in Note (8) of our Notes to the accompanying condensed consolidated financial statements.

Liquidity and Capital Resources

In summary, our cash flows were:

	Three Months Ended March 31,	
	2010	2009
	(in thousands)	
Net cash provided by operating activities	$11,715	$ 37,557
Net cash used in investing activities	(668)	(1,230)
Net cash used in financing activities	(1,536)	(30,954)

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 March 31, 2010, $104.6 million, net of discount, was outstanding under our credit facility with $40.0 million of available credit under the secured revolver portion of this facility.

We believe that cash generated from operations and available borrowings under our revolving credit facility will be sufficient to fund our operations for the next 12 months. We intend to finance potential 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:

Net cash provided by operations during the three months ended March 31, 2010 was $11.7 million, compared to $37.6 million for the same period in 2009. The decrease in net cash provided by operations was primarily attributable to the decrease in accounts receivable collection as a result of decreased revenue, which was partially offset by an increase in accrued compensation and benefits during the three months ended March 31, 2010. The number of days sales outstanding (“DSO”) was 56 days at March 31, 2010. DSO was 57 days and 54 days at December 31, 2009 and March 31, 2009, respectively.

Investing Activities:

Capital expenditures were $0.7 million and $1.2 million for the three months ended March 31, 2010 and 2009, respectively. We continue to have a relatively low capital investment requirement and we expect our future capital expenditure requirements to be consistent with those incurred during the three months ended March 31, 2010.

Financing Activities:

Net cash used in financing activities during the three months ended March 31, 2010 was $1.5 million primarily due to paying down our outstanding term loan balance during the quarter. During the three months ended March 31, 2009, cash used in financing activities was $31.0 million primarily due to paying down our outstanding revolving credit facility. At March 31, 2010 and December 31, 2009, there were no amounts outstanding under our revolving credit facility.

During the three months ended March 31, 2010, we made a $1.4 million quarterly principal amortization payment. Our secured term loan facility is maturing in December 2013, and bears interest at floating rates based upon either a LIBOR or a prime interest rate option selected by us, plus a spread of 4.00% and 3.00%, respectively. The LIBOR interest rate option for the term loan is subject to a minimum floor of 2.25%. As of March 31, 2010, the total term loan outstanding (including both the current and long-term portions), net of discount, was $104.6 million.

Our credit agreement contains various financial ratio covenants, including a minimum fixed charge coverage ratio and maximum leverage ratio, as well as restrictions on assumption of additional indebtedness, declaration of dividends, dispositions of assets, consolidation into another entity, capital expenditures in excess of specified amounts and allowable investments. We were in compliance with these requirements as of March 31, 2010.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and staffing needs of our hospital and healthcare facility and other clients and due to the seasonal preferences for destinations of our temporary healthcare professionals, revenue, earnings and the number of temporary healthcare professionals on assignment are subject to moderate seasonal fluctuations. Many of our hospital and healthcare facility clients are located in areas that experience seasonal fluctuations in population during the winter and summer months. These facilities adjust their staffing levels to accommodate the change in this seasonal demand and many of these facilities utilize temporary healthcare professionals to satisfy these seasonal staffing needs. However, due to the overall reduction in demand levels, seasonality is not expected to impact revenue and earnings to the degree it has in prior years. 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 July 2009, the Financial Accounting Standards Board amended guidance on revenue arrangements with multiple deliverables to require an entity to apply the relative selling price allocation method in order to estimate a selling price for all units of accounting, including delivered items, when vendor-specific objective evidence (VSOE) or acceptable third-party evidence (TPE) does not exist and expands the disclosure requirements to require an entity to provide both qualitative and quantitative information about the significant judgments made in applying the amended guidance and subsequent changes in those judgments that may significantly affect the timing or amount of revenue recognition. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and shall be applied on a prospective basis. Earlier application is permitted. We are currently evaluating the impact of the adoption of this guidance will have on our consolidated financial statements.

Special Note Regarding Forward-Looking Statements

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

- our ability to sustain our business in a continued significant economic downturn;
- our ability to continue to recruit and retain qualified temporary and permanent healthcare professionals at reasonable costs;

- our ability to attract and retain sales and operational personnel;
- our ability to secure new and profitable orders and searches from our hospital, healthcare facility, affiliated healthcare network and physician practice group clients, which may be impacted by the role of intermediary organizations, such as vendor management companies;
- our ability to mitigate credit risk in light of concentration of buyers of healthcare staffing services;
- the overall level of demand for services offered by temporary and permanent healthcare provider, which may be impacted by the general level of patient occupancy and utilization of services at our hospital and healthcare facility clients' facilities, which may be affected by adoption of alternative modes of healthcare delivery and healthcare reform legislation;
- the ability of our hospital, healthcare facility and physician practice group clients to retain and increase the productivity of their permanent staff;
- our ability to successfully design our strategic growth, acquisition and integration strategies and to implement those strategies, which includes our ability to obtain credit at reasonable terms to complete acquisitions, integrate acquired companies' accounting, management information, human resource and other administrative systems, and implement or remediate controls, procedures and policies at acquired companies;
- our ability to leverage our cost structure;
- access to and undisrupted performance of our management information and communication systems, including use of the Internet, and our candidate and client databases and payroll and billing software systems;
- our ability to keep our web sites operational at a reasonable cost and without service interruptions;
- the effect of existing or future government legislation and regulation, including the Affordable Care Act and other legislation impacting the current delivery and third party payor system for healthcare;
- our ability to grow and operate our business in compliance with legislation and regulations, including regulations that may affect our clients and, in turn, affect demand for our services, such as Medicare reimbursement rates which may negatively affect both orders and client receivables;
- the challenge to the classification of certain of our healthcare professionals as independent contractors;
- the impact of medical malpractice and other claims asserted against us;
- the disruption or adverse impact to our business as a result of a terrorist attack or breach of security of our data systems;
- our ability to carry out our business strategy and maintain sufficient cash flow and capital structure to support our business;
- our ability to meet our financial covenants, which if not met, could adversely affect our liquidity;
- the loss of key officers and management personnel that could adversely affect our ability to remain competitive;
- the effect of recognition by us of an impairment to goodwill; and
- the effect of adjustments by us to accruals for self-insured retentions.

Other factors that could cause actual results to differ from those implied by the forward-looking statements in this Quarterly Report on Form 10-Q are set forth in our Annual Report on Form 10-K for the year ended December 31, 2009.

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 the first quarter of 2010, our primary exposure to market risk was interest rate risk associated with our debt instruments. We entered into a new credit agreement in December 2009. Borrowings under the secured term loan facility portion of the new credit agreement bear interest at floating rates based upon either a LIBOR or a prime interest rate option selected by us, plus a spread of 4.00% and 3.00%, respectively. The LIBOR interest rate option for the term loan is subject to a minimum floor of 2.25%. A 1% change in interest rates in excess of the minimum floor on our variable rate debt would have resulted in interest expense fluctuating approximately $0.3 million for the three months ended March 31, 2010. See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further description of our debt instruments.

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

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

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of March 31, 2010 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 rules and forms.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 6. ***Exhibits***

Exhibit No.	Description of Document
10.1	Form of AMN Healthcare Equity Plan Restricted Stock Unit Agreement—Officer (three-year ratable vesting)*
31.1	Certification by Susan R. Nowakowski pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification by Bary G. Bailey pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification by Susan R. Nowakowski pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification by Bary G. Bailey pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith.

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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: May 7, 2010

AMN HEALTHCARE SERVICES, INC.

/s/ SUSAN R. NOWAKOWSKI

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

Date: May 7, 2010

/s/ BARY G. BAILEY

Name: **Bary G. Bailey**
Title: **Chief Accounting Officer,**
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)

Exhibit 10.1

AMN HEALTHCARE
EQUITY PLAN
RESTRICTED STOCK UNIT AGREEMENT

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), made this [DATE], by and between AMN Healthcare Services, Inc. (the "Company"), a Delaware corporation, and [NAME] (the "Grantee").

W I T N E S S E T H:

WHEREAS, the Company sponsors the AMN Healthcare Equity Plan (the "Plan"), and desires to afford the Grantee the opportunity to share in the appreciation of the Company's common stock, par value $.01 per share ("Stock") thereunder, thereby strengthening the Grantee's commitment to the welfare of the Company and Affiliates and promoting an identity of interest between stockholders and the Grantee.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Definitions.

The following definitions shall be applicable throughout the Agreement. Where defined terms are not defined herein, their meaning shall be that set forth in the Plan.

(a) "Affiliate" means (i) any entity that directly or indirectly is controlled by, or is under common control with the Company and (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Committee.

(b) "Cause" means the Company or an Affiliate having "cause" to terminate a Grantee's employment or service, as defined in any existing employment, consulting or any other agreement between the Grantee and the Company or a Subsidiary or Affiliate, or, in the absence of such an employment, consulting or other agreement, upon (i) the determination by the Committee that the Grantee has ceased to perform his/her duties to the Company or an Affiliate (other than as a result of his/her incapacity due to physical or mental illness or injury), which failure amounts to an intentional and extended neglect of his/her duties to such party, (ii) the Committee's determination that the Grantee has engaged or is about to engage in conduct injurious to the Company or an Affiliate, (iii) the Grantee having been convicted of, or pleaded guilty or no contest to, a felony or a crime involving moral turpitude or (iv) the failure of the Grantee to follow the lawful instructions of the Board or Grantee's direct superiors; provided, however, that in the instances of clauses (i), (ii) and (iv), the Company or Affiliate, as applicable, must give the Grantee twenty (20) days' prior written notice of the defaults constituting "cause" hereunder.

(c) "Change in Control" shall, unless in the case of a particular RSU, the applicable Restricted Stock Unit Agreement states otherwise or contains a different definition of "Change in Control," be deemed to occur upon:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a majority of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors;

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

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

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

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

(f) "Grant Date" means [DATE] which is the date specified in the authorization of this RSU grant.

(g) "Grantee" means an individual who has been selected by the Committee to participate in the Plan and to receive a RSU grant pursuant to Section 2.

(h) "Restricted Stock Unit" or "RSU" means an award granted under Section 2.

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

2. Grant of Restricted Stock Units. Subject to the terms and conditions set forth herein, the Company hereby grants to the Grantee an aggregate of XXX Restricted Stock Units (“RSUs).

3. Vesting Schedule. No RSUs may be settled until they shall have vested. Except as otherwise set forth in this Agreement or in the Plan, the RSUs will vest according to the following schedule: 33% of the RSUs on and after the 13^{th} month anniversary of the Grant Date and the Grantee’s provision of Credited Service; an additional 34% of the RSUs on the second anniversary of the Grant Date and the Grantee’s provision of a second period of Credited Service; and a final 33% of the RSUs on and after the third anniversary of the Grant Date and the Grantee’s provision of a third period of Credited Service.

4. Deferral of RSUs.

(a) Each vested RSU entitles the Grantee to receive one share of Stock on the “Settlement Date” which shall be the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by the Grantee. Any deferral period must be expressed as a number of whole years, not less than three (3), beginning on the Grant Date. Such deferral election shall be made within 30 days of the Grant Date. This deferral period will apply only to the deferral election made on the specific deferral election form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Grant; for example, a deferral period of five (5) years would result in the Grantee receiving shares of Stock underlying the entire Grant five (5) years from the Grant Date regardless of the fact that the RSUs may have vested at differing times. (If no deferral period is specified on the deferral election form, Stock will be issued as soon as practicable upon vesting of the RSUs). If the Grantee wishes to elect to delay his original Settlement Date, such election must be made at least twelve (12) months in advance of the Settlement Date and the new Settlement Date must be at least five (5) years after the original Settlement Date.

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

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

(d) The Grantee may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any shares of Stock or other property deliverable under the RSU or from any compensation or other amounts owing to the Grantee the amount (in cash, Stock or other property) of any required tax withholding and payroll taxes in respect of an RSU vesting or settlement and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes.

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

5. Dividend Equivalents. If on any date the Company shall pay any cash dividend on shares of Stock of the Company, the number of RSUs credited to the Grantee shall, as of such date, be increased by an amount determined by the following formula:

W = (X multiplied by Y) divided by Z, where:

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

X = the aggregate number of RSUs (whether vested or unvested) credited to the Grantee as of the record date of the dividend;

Y = the cash dividend per share amount; and

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

6. Termination of Employment.

(a) If, prior to the Settlement Date, the Grantee shall undergo: a termination of full-time employment if an employee (and also termination of Service if a director); or cessation of providing Credited Service if a consultant, each other than for Cause, (i) the RSUs which are vested at the time of such termination shall be determined in accordance with Section 3, (ii) the RSUs which are not vested at the date of such termination shall expire on such date. In the event of such termination, regardless of the Grantee's deferral election, the Company, as soon as practicable following the effective date of termination shall issue shares of Stock to Grantee (or Grantee's designated beneficiary or estate executor in the event of Grantee's death) with respect to any RSUs which, as of the effective date of termination, have vested but for which shares of Stock had not yet been issued to Grantee. Notwithstanding the foregoing, if the Grantee is a specified employee (as defined in Section 409A of the Code), any distribution on account of termination of employment shall be delayed until at least six months after such termination of employment.

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

7. Company; Grantee.

(a) The term "Company" as used in this Agreement with reference to employment shall include the Company, its Subsidiaries and its Affiliates, as appropriate.

(b) Whenever the word "Grantee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the RSUs may be transferred by will or by the laws of descent and distribution, the word "Grantee" shall be deemed to include such person or persons.

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

9. Forfeiture for Non-Compete Violation.

(a) Non-Compete. The Grantee agrees that during the term of Grantee's employment and for a period of two years thereafter (the "Coverage Period") the Grantee will not engage in, consult with, participate in, hold a position as shareholder, director, officer, consultant, employee, partner or investor, or otherwise assist any business entity (i) in any State of the United States of America or (ii) in any other country in which the Company has business activities, in either case, that is engaged in any activities which are competitive with the business of providing healthcare or other personnel on a temporary or permanent placement basis to hospitals, healthcare facilities, healthcare provider practice groups or other entities and any and all business activities reasonably related thereto in which the Company or any of its divisions, affiliates or subsidiaries are then engaged.

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

(c) Confidential and Proprietary Information. The Grantee agrees that Grantee will not, at any time make use of or divulge to any other person, firm or corporation any confidential or proprietary information concerning the business or policies of the Company or any of its divisions, affiliates or subsidiaries. For purposes of this Agreement, any confidential information shall constitute any information designated as confidential or proprietary by the Company or otherwise known by the Grantee to be confidential or proprietary information including, without limitation, customer information. Grantee acknowledges and agrees that for purposes of this Agreement, "customer information" includes without limitation, customer lists, all lists of professional personnel, names, addresses, phone numbers, contact persons, preferences, pricing arrangements, requirements and practices. Grantee's obligation under this Section 9(c) shall not apply to any information which (i) is known publicly; (ii) is in the public domain or hereafter enters the public domain without the fault of Grantee; or (iii) is hereafter disclosed to Grantee by a third party not under an obligation of confidence to the Company. Grantee agrees not to remove from the premises of the Company, except as an employee of the Company in pursuit of the business of the Company or except as specifically permitted in writing by the Company, any document or other object containing or reflecting any such confidential or proprietary information. Grantee recognizes that all such information, whether developed by the Grantee or by someone else, will be the sole exclusive property of the Company. Upon termination of employment, Grantee shall forthwith deliver to the Company all such confidential or proprietary information, including without limitation all lists of customers, pricing methods, financial structures, correspondence, accounts, records and any other documents, computer disks, computer programs, software, laptops, modems or property made or held by Grantee or under Grantee's control in relation to the business or affairs of the Company or any of its divisions, subsidiaries or affiliates, and no copy of any such confidential or proprietary information shall be retained by Grantee.

(d) Forfeiture for Violations. If the Grantee shall at any time violate the provisions of Section 9(a), (b), or (c), the Grantee shall immediately forfeit his/her RSUs (whether vested or unvested) and any issuance of shares of Stock which occurs after (or within 6 months before) any such violation shall be void ab initio.

10. Rights as Stockholder. The Grantee or a transferee of the RSUs shall have no rights as a stockholder with respect to any share of Stock covered by the RSUs until the Grantee shall have become the holder of record of such share and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Stock for which the record date is prior to the date upon which Grantee shall become the holder of record thereof.

11. Effect of Change in Control.

(a) In the event of a Change in Control, notwithstanding any vesting schedule, 100% of the RSUs shall become immediately vested and the Company shall issue shares of Stock to the Grantee to settle the RSUs on the Settlement Date of such RSUs, in accordance with Section 4.

(b) The obligations of the Company under this Agreement shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company agrees that it will make appropriate provisions for the preservation of the Grantee's rights under this Agreement in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

12. Notice. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided, provided that, unless and until some other address be so designated, all notices or communications by the Grantee to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Grantee may be given to the Grantee personally or may be mailed to Grantee at Grantee's address as recorded in the records of the Company.

13. No Right to Continued Employment. This Agreement shall not be construed as giving the Grantee the right to be retained in the employ or service of the Company, a Subsidiary or an Affiliate. Further, the Company or an Affiliate may at any time dismiss the Grantee or discontinue any consulting relationship, free from any liability or any claim under this Agreement, except as otherwise expressly provided herein.

14. Binding Effect. Subject to Section 7 hereof, this Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

15. Amendment of Agreement. The Committee may, to the extent consistent with the terms of this Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any portion of the RSUs heretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of the Grantee in respect of any RSUs already granted shall not to that extent be effective without the consent of the Grantee.

16. RSUs Subject to Plan and 2005 Amended and Restated Executive Nonqualified Excess Plan, as amended. By entering into this Agreement, the Grantee agrees and acknowledges that the Grantee has received and read a copy of the Plan and a copy of the Company's 2005 Amended and Restated Executive Nonqualified Excess Plan. The RSUs are subject to the terms of both plans. The terms and provisions of the plans as they may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of either the Plan or the Company's 2005 Amended and Restated Executive Nonqualified Excess Plan, the applicable terms and provisions of the applicable plan will govern and prevail.

17. Governing Law. This Agreement shall be construed and interpreted in accordance with the internal laws of the State of Delaware without regard to the principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMN HEALTHCARE SERVICES, INC.

By: /S/ SUSAN R. NOWAKOWSKI
Name: **Susan R. Nowakowski**
Title: **President and CEO**

GRANTEE

By: ______________________
Name: **[NAME]**

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 quarterly 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;

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: May 7, 2010

	/S/ SUSAN R. NOWAKOWSKI
Name:	**Susan R. Nowakowski**
Title:	**President and Chief Executive Officer** **(Principal Executive Officer)**

Exhibit 31.2

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

I, Bary G. Bailey, 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 quarterly 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;

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: May 7, 2010

/S/ BARY G. BAILEY

Name: **Bary G. Bailey**
Title: **Chief Accounting Officer,**
Chief Financial Officer and Treasurer
(Principal Accounting and 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 March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Susan R. Nowakowski, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: May 7, 2010

/s/ SUSAN R. NOWAKOWSKI

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

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 March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bary G. Bailey, 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: May 7, 2010

/S/ BARY G. BAILEY

Bary G. Bailey
Chief Accounting Officer,
Chief Financial Officer and Treasurer
(Principal Accounting and Financial Officer)