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, 2012

Or

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

For the transition period from to

Commission File Number: 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 August 1, 2012, there were 40,834,819 shares of common stock, $0.01 par value, outstanding.

Table of Contents

AMN HEALTHCARE SERVICES, INC.

TABLE OF CONTENTS

Table of Contents

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, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 15,498	$ 3,962
Accounts receivable, net of allowance of $6,256 and $4,761 at June 30, 2012 and December 31, 2011, respectively	136,535	146,654
Accounts receivable, subcontractor	21,996	22,497
Prepaid expenses	7,301	5,691
Income taxes receivable	3,105	3,372
Deferred income taxes, net	14,833	19,335
Other current assets	5,855	3,652
Assets held for sale	0	7,310
Total current assets	205,123	212,473
Restricted cash and cash equivalents and investments	18,335	18,244
Fixed assets, net	15,248	16,863
Deposits and other assets	18,872	19,329
Deferred income taxes, net	2,166	1,823
Goodwill	123,324	123,324
Intangible assets, net	140,137	143,575
Total assets	$ 523,205	$ 535,631
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft	$ 330	$ 3,515
Accounts payable and accrued expenses	50,711	49,809
Accrued compensation and benefits	43,023	43,649
Revolving credit facility	0	3,000
Current portion of notes payable	20,000	28,125
Deferred revenue	1,782	2,155
Other current liabilities	5,181	8,313
Liabilities related to assets held for sale	0	1,486
Total current liabilities	121,027	140,052
Notes payable, less current portion and discount	173,721	174,198
Other long-term liabilities	62,567	61,646
Total liabilities	357,315	375,896
Series A Conditional Convertible Preferred Stock, $0.01 par value; 5,608 shares authorized; 4,754 and 4,758 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	24,054	24,076
Stockholders' equity:		
Preferred stock, $0.01 par value; 4,392 shares authorized; none outstanding at June 30, 2012 and December 31, 2011	0	0
Common stock, $0.01 par value; 200,000 shares authorized; 40,833 and 40,454 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	409	405
Additional paid-in capital	396,946	394,958
Accumulated deficit	(255,136)	(259,331)
Accumulated other comprehensive loss	(383)	(373)
Total stockholders' equity	141,836	135,659
Total liabilities and stockholders' equity	$ 523,205	$ 535,631

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	$235,786	$220,602	$462,198	$436,407
Cost of revenue	168,813	160,429	332,011	313,534
Gross profit	66,973	60,173	130,187	122,873
Operating expenses:				
Selling, general and administrative	50,304	48,188	97,480	96,908
Depreciation and amortization	3,552	4,086	7,247	8,558
Total operating expenses	53,856	52,274	104,727	105,466
Income from operations	13,117	7,899	25,460	17,407
Interest expense, net (including loss on debt extinguishment of $9,815 for the three and six months ended June 30, 2012)	13,590	5,585	19,123	11,090
Income (loss) from continuing operations before income taxes	(473)	2,314	6,337	6,317
Income tax expense (benefit)	(392)	1,702	2,965	3,989
Income (loss) from continuing operations	(81)	612	3,372	2,328
Income from discontinued operations, net of tax	0	201	823	741
Net income (loss)	$ (81)	$ 813	$ 4,195	$ 3,069
Basic income (loss) per common share from:				
Continuing operations	$ 0.00	$ 0.02	$ 0.07	$ 0.05
Discontinued operations	0.00	0.00	0.02	0.02
Net income (loss)	$ 0.00	$ 0.02	$ 0.09	$ 0.07
Diluted income (loss) per common share from:				
Continuing operations	$ 0.00	$ 0.01	$ 0.07	$ 0.05
Discontinued operations	0.00	0.01	0.02	0.02
Net income (loss)	$ 0.00	$ 0.02	$ 0.09	$ 0.07
Weighted average common shares outstanding:				
Basic	40,810	39,629	40,695	39,436
Diluted	40,810	45,981	46,317	45,912
Other comprehensive income (loss)	33	(1)	(10)	(2)
Comprehensive income (loss)	$ (48)	$ 812	$ 4,185	$ 3,067

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Six Months Ended June 30, 2012
(Unaudited and in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance, December 31, 2011	40,454	$ 405	$394,958	$ (259,331)	$ (373)	$135,659
Preferred stock conversion	4	0	22	0	0	22
Restricted stock units ("RSUs") vested and issued	375	4	(848)	0	0	(844)
Income tax shortfall from RSUs vested and issued	0	0	(195)	0	0	(195)
Stock-based compensation	0	0	3,009	0	0	3,009
Comprehensive income	0	0	0	4,195	(10)	4,185
Balance, June 30, 2012	40,833	$ 409	$396,946	$ (255,136)	$ (383)	$141,836

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Cash flows from operating activities:		
Net income	$ 4,195	$ 3,069
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,247	8,584
Non-cash interest expense	1,545	1,862
Loss on debt extinguishment	9,815	0
Increase in allowances for doubtful accounts and sales credits	3,453	2,029
Provision for deferred income taxes	1,327	535
Stock-based compensation	3,009	3,712
Excess tax benefits from RSUs vested and issued	(11)	(94)
Loss on disposal or sale of fixed assets	14	73
Gain on sale of discontinued operations, net of tax	(1,187)	0
Changes in assets and liabilities, net of effects from divestiture:		
Accounts receivable	6,666	(13,519)
Accounts receivable, subcontractor	501	1,380
Income taxes receivable	267	1,746
Prepaid expenses and other current assets	(3,287)	(1,278)
Deposits and other assets	(857)	(403)
Accounts payable and accrued expenses	925	(3,247)
Accrued compensation and benefits	(626)	7,852
Other liabilities	(2,446)	(4,383)
Net cash provided by operating activities	30,550	7,918
Cash flows from investing activities:		
Purchase and development of fixed assets	(2,210)	(2,451)
Proceeds from sales of assets held for sale	8,622	0
Change in restricted cash and cash equivalents and investments balance	(91)	2,719
Net cash provided by investing activities	6,321	268
Cash flows from financing activities:		
Capital lease repayments	(330)	(334)
Proceeds from revolving credit facility	0	5,000
Payments on revolving credit facility	(3,000)	0
Repayments of prior notes payable	(206,500)	(4,625)
Payments on new term loan credit facility	(4,380)	0
Proceeds from new term loan credit facility, net of discount	198,000	0
Payment of financing costs	(3,898)	0
Prepayment penalty associated with the prior credit facilities	(1,200)	0
Payments of employee tax withholdings from equity transactions	(843)	(2,005)
Excess tax benefit from RSUs vested and issued	11	94
Change in bank overdraft	(3,185)	(273)
Net cash used in financing activities	(25,325)	(2,143)
Effect of exchange rate changes on cash	(10)	(2)
Net increase in cash and cash equivalents	11,536	6,041
Cash and cash equivalents at beginning of period	3,962	1,883
Cash and cash equivalents at end of period	$ 15,498	$ 7,924
Supplemental disclosures of cash flow information:		
Cash paid for interest (net of $20 and $47 capitalized during the six months ended June 30, 2012 and 2011, respectively)	$ 8,067	$ 9,133
Cash paid for income taxes	$ 314	$ 1,171

See accompanying notes to unaudited condensed consolidated financial statements.

AMN HEALTHCARE SERVICES, INC.

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

1. BASIS OF PRESENTATION

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

The unaudited condensed consolidated financial statements do not include all information and notes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States. Please refer to the Company's audited consolidated financial statements and the related notes for the fiscal year ended December 31, 2011, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the Securities and Exchange Commission ("SEC") on March 9, 2012.

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.

Recently Adopted Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued an accounting update that gives companies the option to make a qualitative evaluation about the likelihood of goodwill impairment. The Company will be required to perform the two-step impairment test only if the Company concludes that, after performing a qualitative assessment, the fair value of a reporting unit is more likely than not less than its carrying value. The accounting update is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted this guidance effective January 1, 2012 and such adoption did not have a material effect on its unaudited condensed consolidated financial statements.

In June 2011, the FASB issued guidance on the presentation of comprehensive income. The guidance eliminates the option to present the components of other comprehensive income in the statement of changes in stockholders' equity, which was the Company's presentation. This guidance requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income, or in two separate but consecutive statements. This guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The Company adopted this guidance beginning January 1, 2012, and has selected to present interim other comprehensive income (loss) in a single continuous statement of comprehensive income (loss).

2. DISCONTINUED OPERATIONS

On January 30, 2012, the Company completed the sale of its home healthcare services segment to BAYADA Home Health Care, Inc. for a total of $9,650, of which $1,028 was held in escrow as of June 30, 2012.

The following table presents the revenues and the components of discontinued operations, net of tax:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	$ 0	$ 13,935	$ 3,885	$ 27,532
(Loss) income from discontinued operations before income taxes	0	319	(547)	1,276
Income tax benefit (expense)	0	(118)	183	(535)
(Loss) income from discontinued operations	0	201	(364)	741
Gain on sale of discontinued operations, before income taxes	0	0	3,825	0
Income tax expense	0	0	(2,638)	0
Gain on sale of discontinued operations	0	0	1,187	0
Total income from discontinued operations	$ 0	$ 201	$ 823	$ 741

3. REVENUE RECOGNITION

Revenue consists of fees earned primarily 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 managed services programs. Under these contract arrangements, the Company uses its temporary healthcare professionals along with those of third party subcontractors to fulfill customer orders. If the Company uses subcontractors, it records revenue net of related subcontractors expense. The resulting net revenue represents the administrative fee the Company charges for its vendor management services. The Company records subcontractor accounts receivable from the customer in the consolidated balance sheet. The Company generally pays the subcontractor after it has received payment from the customer. Payables to subcontractors of $22,184 were included in accounts payable and accrued expenses in the unaudited condensed consolidated balance sheet as of June 30, 2012. Payables to subcontractors of $24,268 were included in accounts payable and accrued expenses in the consolidated balance sheet as of December 31, 2011.

4. STOCK-BASED COMPENSATION

The Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award, and recognizes it as expense over the requisite service period.

During the six months ended June 30, 2012, the Company granted 392 restricted stock units (“RSUs”) with a weighted average grant date fair value of approximately $5.97 per RSU. In addition to the regular RSUs, the Company also granted 465 performance restricted stock units (“PRSUs”), which contain a market condition, with the ultimate realizable number of PRSUs dependent on relative and absolute total shareholder return over a three-year period, up to a maximum amount to be issued under the award of 175% of the original grant, or 814 PRSUs. The fair values of PRSUs granted during the six months ended June 30, 2012 were estimated at $8.15 per PRSU using the Monte-Carlo simulation valuation model. The Company recorded $467 in stock-based compensation expense during the six months ended June 30, 2012 related to equity awards granted during the period.

As of June 30, 2012, there was $353 of pre-tax total unrecognized compensation cost related to non-vested stock options and stock appreciation rights, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a weighted average remaining period of 0.7 years. As of June 30, 2012, there was $7,896 of pre-tax total unrecognized compensation cost related to non-vested RSUs and PRSUs, which will be adjusted for future changes in forfeitures. The Company expects to recognize such cost over a period of 2.0 years.

5. NET INCOME (LOSS) PER COMMON SHARE

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

Stock-based awards to purchase 2,265 shares of common stock for the six month period ended June 30, 2012 were not included in the calculation of diluted net income per common share because the effect of these instruments was anti-dilutive. Stock-based awards to purchase 2,131 and 2,151 shares of common stock for the three and six month periods ended June 30, 2011, respectively, were not included in the calculation of diluted net income per common share because the effect of these instruments was anti-dilutive.

The 4,754 shares of Preferred Stock (as if converted) and 3,805 shares of outstanding equity awards as of June 30, 2012 were anti-dilutive due to the net loss from continuing operations during the three months ended June 30, 2012 and, accordingly, were excluded from the calculation of diluted net loss per share for such period.

The following table sets forth the computation of basic and diluted net income (loss) per common share for the three and six month periods ended June 30, 2012 and 2011:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Income (loss) from continuing operations	$ (81)	$ 612	$ 3,372	$ 2,328
Income from discontinued operations, net of tax	0	201	823	741
Net income (loss)	$ (81)	$ 813	$ 4,195	$ 3,069
Less: Allocation to participating securities—from continuing operations	0	(75)	(352)	(282)
Allocation to participating securities—from discontinued operations	0	(24)	(86)	(90)
Total allocation to participating securities	0	(99)	(438)	(372)
Net income (loss) attributable to common stockholders—basic	(81)	714	3,757	2,697
Basic income (loss) per common share from:				
Continuing operations	$ 0.00	$ 0.02	$ 0.07	$ 0.05
Discontinued operations	0.00	0.00	0.02	0.02
Net income (loss)	$ 0.00	$ 0.02	$ 0.09	$ 0.07
Diluted income (loss) per common share from:				
Continuing operations	$ 0.00	$ 0.01	$ 0.07	$ 0.05
Discontinued operations	0.00	0.01	0.02	0.02
Net income (loss)	$ 0.00	$ 0.02	$ 0.09	$ 0.07
Weighted average common shares outstanding—basic	40,810	39,629	40,695	39,436
Plus dilutive effect of potential common shares	0	6,352	5,622	6,476
Weighted average common shares outstanding—diluted	40,810	45,981	46,317	45,912

6. SEGMENT INFORMATION

In 2010 and 2011, the Company had four reportable segments: nurse and allied healthcare staffing, locum tenens staffing, physician permanent placement services and home healthcare services. In January 2012, the Company divested its home healthcare services segment. As a result, the Company has classified the home healthcare services segment's results of operations as discontinued operations for the three and six months ended June 30, 2012 and 2011.

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 represents income (loss) from continuing operations before income tax, plus interest expense (net of interest income), stock-based compensation expense, depreciation and amortization, and unallocated corporate overhead. The Company's management does not evaluate, manage or measure performance of segments using asset information; accordingly, asset information by segment is not prepared or disclosed.

The following table provides a reconciliation of revenue and segment operating income by reportable segment to consolidated results and was derived from the segment's internal financial information as used for corporate management purposes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue				
Nurse and allied healthcare staffing	$158,615	$140,029	$312,501	$274,803
Locum tenens staffing	67,592	71,098	131,101	141,287
Physician permanent placement services	9,579	9,475	18,596	20,317
	$235,786	$220,602	$462,198	$436,407
Segment operating income				
Nurse and allied healthcare staffing	$ 18,444	$ 14,420	$ 35,521	$ 29,539
Locum tenens staffing	6,091	5,465	10,507	11,476
Physician permanent placement services	1,890	2,511	3,596	6,328
	26,425	22,396	49,624	47,343
Unallocated corporate overhead	8,179	8,697	13,911	17,682
Depreciation and amortization	3,552	4,086	7,247	8,558
Stock-based compensation	1,577	1,714	3,006	3,696
Interest expense, net (including loss on debt extinguishment of $9,815 for the three and six months ended June 30, 2012)	13,590	5,585	19,123	11,090
Income (loss) from continuing operations before income tax	$ (473)	$ 2,314	$ 6,337	$ 6,317

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 activities 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 June 30, 2012 and December 31, 2011, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included restricted cash equivalents and investments, including investments associated with the Company's deferred compensation plan. The Company's restricted cash equivalents and investments typically consist of U.S. Treasury securities and the fair value is based on quoted prices in active markets for identical assets. The Company's investments associated with its deferred compensation plan typically consist of publicly traded money market funds and mutual funds 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 June 30, 2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	$18,022	$ 18,022	$ 0	$ 0
Trading securities investment	46	46	0	0
Total financial assets measured at fair value	$18,068	$ 18,068	$ 0	$ 0

	Fair Value Measurements as of December 31, 2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury securities	$18,015	$ 18,015	$ 0	$ 0
Trading securities investment	52	52	0	0
Total financial assets measured at fair value	$18,067	$ 18,067	$ 0	$ 0

Non-financial assets and liabilities

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

The Company evaluates goodwill at the reporting unit level and indefinite-lived intangible assets annually for impairment and whenever circumstances occur indicating that goodwill might be impaired. The Company determines the fair value of its reporting units based on a combination of inputs including the market capitalization of the Company as well as Level 3 inputs such as discounted cash flows which are not observable from the market, directly or indirectly. The Company determined the fair value of its indefinite-lived intangible assets using the income approach (relief-from-royalty method), based on Level 3 inputs. There were no fair value measurements of non-financial assets and liabilities during the six months ended June 30, 2012.

Non-financial assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2011 are summarized below:

	Fair Value Measurements as of December 31, 2011				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses for Year Ended December 31, 2011
Goodwill	$123,324	$ 0	$ 0	$ 123,324	$ 24,498
Indefinite-lived intangible assets	$ 83,200	$ 0	$ 0	$ 83,200	$ 14,400
					$ 38,898

8. INCOME TAXES

The Company recorded an income tax expense of $2,965 for the six months ended June 30, 2012 from continuing operations as compared to a tax expense of $3,989 for the same period in 2011. The Company currently estimates its annual effective income tax rate from continuing operations to be approximately 44.4% (expense) for 2012, as compared to the 64.0% effective income tax rate in 2011. The difference in effective tax rates for 2011 and the forecasted rate for 2012 is primarily due to the relationship of pre-tax income to permanent differences.

The estimated annual effective tax rate for 2012 is greater than the federal statutory rate of 35% primarily due to the following:

Federal statutory rate benefit	35.0%
State tax expense, net of federal benefit	5.1
Rate impact from provisions for uncertain tax positions	6.4
Other, net	(2.1)
Estimated annual effective income tax rate	44.4%

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

9. NOTES PAYABLE AND RELATED CREDIT AGREEMENT

On April 5, 2012, the Company entered into a Credit Agreement (the “New Credit Agreement”) with several lenders to provide for two credit facilities (the “Credit Facilities”), including (A) a $50,000 secured revolving credit facility (the “Revolver”) that includes a $20,000 sublimit for the issuance of letters of credit and a $15,000 sublimit for swingline loans and (B) a $200,000 face value secured term loan credit facility (the “Term Loan”), net of unamortized original issue discount of $2,000. In addition, the New Credit Agreement provides that the Company may from time to time obtain an increase in the Revolver or the Term Loan in an aggregate principal amount not to exceed $75,000 (with a $37,500 sublimit for the Revolver) subject to, among other conditions, the arrangement of additional commitments with financial institutions reasonably acceptable to the Company and the administrative agent.

The Revolver carries an unused fee of 0.5% per annum. There are no mandatory reductions in the Revolver. Borrowings under the Revolver bear interest at floating rates based upon either a LIBOR or a base rate option selected by the Company, plus a spread of 3.75% to 4.25% and 2.75% to 3.25%, respectively, in each case, as specifically determined quarterly based upon the Company’s then-existing consolidated leverage ratio (as defined in the New Credit Agreement). The Term Loan is subject to amortization of principal of 1.00% per year of the original Term Loan amount, payable in equal quarterly installments. Borrowings under the Term Loan bear interest at floating rates based upon either a LIBOR (with a floor of 1.25%) or a base rate option selected by the Company, plus a spread of 4.50% to 4.75% and 3.50% to 3.75%, respectively, in each case, as specifically determined quarterly based upon the Company’s then-existing consolidated leverage ratio. At June 30, 2012, the Company had $193,721, net of discount, outstanding under the Term Loan at a 6.0% interest rate.

The proceeds from the initial drawdown under the Credit Facilities were used to repay in full all outstanding indebtedness under two prior credit agreements to which the Company was a party and to pay related transaction costs. The Revolver is available for working capital, capital expenditures, permitted acquisitions and general corporate purposes of the Company. The maturity dates of the Revolver and the Term Loan are April 5, 2017 and April 5, 2018, respectively. At June 30, 2012, there was $39,620 of available credit under the Revolver.

In connection with obtaining the Credit Facilities, the Company incurred $3,898 in deferred financing fees, which were capitalized and are amortized to interest expense over the term of the New Credit Agreement. In addition, the Company’s loss on debt extinguishment, before tax, included the write-off to interest expense of $8,615 of unamortized deferred financing fees and original issue discount and a $1,200 prepayment penalty associated with the repayment of the prior credit facilities.

During the second quarter of 2012, the Company made a quarterly principal amortization payment and voluntary prepayment on the Term Loan which totaled $4,380. The $20,000 current portion of the notes payable set forth in the Company’s unaudited condensed consolidated balance sheet dated June 30, 2012 represents voluntary prepayments the Company made subsequent to June 30, 2012 through the time of filing of this Quarterly Report on Form 10-Q with the SEC, which prepayments also satisfied all scheduled quarterly principal amortization payments due under the Credit Facilities through June 30, 2013.

10. COMMITMENTS AND CONTINGENCIES: LEGAL

Staff Care, Inc., an indirect wholly owned subsidiary of the Company, was the subject of an assessment by the California Employment Development Department (“EDD”) with respect to the payment of certain payroll related taxes, in connection with locum tenens and allied providers, for the period between April 1, 2001 and June 30, 2007. Staff Care appealed the EDD’s assessment, but on September 5, 2008 the Company made a payment to the EDD in the amount of $2,295 to cease the accrual of interest while the appeal was pending. On March 28, 2012, Staff Care, Inc. and the EDD entered into a settlement agreement, which resolved all assessments and claims regarding the subject matter of the appeal from April 1, 2001 through June 30, 2007. In connection with the settlement, the EDD refunded to Staff Care $2,012 of the $2,295 payment made by the Company on September 5, 2008. As a result, the Company recorded a $2,012 benefit offsetting selling, general and administrative expenses for the six-month period ended June 30, 2012.

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

The following discussion should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto and other financial information included elsewhere herein and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the Securities and Exchange Commission ("SEC") on March 9, 2012 ("2011 Annual Report"). Certain statements in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" are "forward-looking statements." See "Special Note Regarding Forward-Looking Statements." We undertake no obligation to update the forward-looking statements in this Quarterly Report. References in this Quarterly Report to "AMN Healthcare," the "Company," "we," "us" and "our" refer to AMN Healthcare Services, Inc. and its wholly owned subsidiaries.

Overview

We are healthcare's workforce innovator, providing a broad spectrum of workforce solutions and staffing services to the nation's healthcare facilities. As an innovative workforce solutions partner, our managed services programs, recruitment process outsourcing, consulting services, and placement of physicians, nurses and allied healthcare professionals into temporary and permanent positions enable clients to successfully reduce complexity, increase efficiency and improve patient outcomes within the rapidly evolving healthcare environment. Our clients include acute and sub-acute care hospitals, government facilities, community health centers and clinics, physician practice groups, and several other healthcare-related settings. Our clients utilize our workforce solutions and our healthcare staffing services to cost-effectively manage their clinical workforce needs, both temporary and permanent.

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 June 30, 2012, we recorded revenue of $235.8 million, as compared to revenue of $220.6 million for the same period last year. For the three months ended June 30, 2012, we recorded a net loss of $(0.08) million, which included a pre-tax $(9.8) million loss on debt extinguishment charged to interest expense associated with the successful refinancing of our prior credit facilities, as compared to net income of $0.8 million for the same period last year. For the six months ended June 30, 2012, we recorded revenue of $462.2 million, as compared to revenue of $436.4 million for the same period last year. We recorded net income of $4.2 million for the six months ended June 30, 2012, as compared to net income of $3.1 million for the same period last year.

Nurse and allied healthcare staffing segment revenue comprised 68% and 63% of total consolidated revenue for the six months ended June 30, 2012 and 2011, respectively. Through our nurse and allied healthcare staffing segment, we provide hospital and other healthcare facilities with a range of clinical and workforce staffing solutions, including: (1) a comprehensive managed services solution in which we manage all of the temporary nursing and allied needs of a client; (2) traditional clinical staffing solutions of variable assignment lengths; and (3) a recruitment process outsourcing program that leverages our expertise and support systems to replace or complement a client's existing internal recruitment function for permanent placement needs.

Locum tenens staffing segment revenue comprised 28% and 32% of total consolidated revenue for the six months ended June 30, 2012 and 2011, respectively. Through our locum tenens staffing segment, we place physicians of all specialties, as well as dentists, certified registered nurse anesthetists, physician assistants and nurse practitioners with clients on a temporary basis as independent contractors. These locum tenens physicians and 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 they seek permanent candidates or explore expansion. Our locum tenens clients represent a diverse group of healthcare organizations throughout the United States, including hospitals, medical groups, occupational medical clinics, individual practitioners, networks, psychiatric facilities, government institutions and managed care entities. The professionals we place are recruited nationwide and are typically placed on multi-week contracts with assignment lengths ranging from a few days up to one year.

Physician permanent placement services segment revenue comprised 4% and 5% of total consolidated revenue for the six months ended June 30, 2012 and 2011, respectively. Through our physician permanent placement services segment, we assist hospitals and physician practice groups throughout the United States in identifying and recruiting physicians for permanent placement. We perform the vast majority of our services on a retained basis, through our Merritt Hawkins brand, for which we are generally paid through a blend of retained hourly, sourcing and placement fees. To a smaller degree, we also perform our services on a contingent basis, exclusively through our Kendall & Davis brand, for which fees are paid once physician candidates are ultimately hired by our clients. Our broad specialty offerings include over 70 specialist and sub-specialist opportunities such as internal medicine, family practice and orthopedic surgery.

In January 2012, we completed the sale of our home healthcare services segment. Accordingly, its results of operations are recorded as discontinued operations for the three and six months ended June 30, 2012 and 2011.

Management Initiatives

Our growth strategy focuses on providing an innovative and differentiated value and experience to our clients and healthcare professionals. To accomplish this, we have broadened our service offerings beyond our traditional travel nurse and allied temporary staffing, locum tenens staffing, and physician permanent placement services, to include more strategic and recurring revenue sources from innovative clinical workforce solutions offerings such as managed services programs and recruitment process outsourcing. Through these differentiated services, we have built strategic relationships with our clients to assist them in improving their financial, operational and patient care results through productivity and candidate quality enhancements. We continually seek strategic opportunities to expand into complementary service offerings that leverage our core capabilities of recruiting and credentialing clinical professionals, while providing a more recurring stream of revenues that reduces our exposure to economic cycle risk.

Recent Trends

Demand has rebounded in the nurse and allied healthcare staffing segment from its low point in 2009, but still remains below levels experienced in 2007 through 2008. Demand has been particularly strong for specialty nurses for which there is limited supply. While our demand is spread across a broad base of clients, we continue to see more of our hospital clients migrate to managed services program relationships, and during 2012 revenue from these contracts represent approximately one-third of our nurse and allied healthcare staffing business, a substantial increase from 1% in 2008. As a result of these managed service relationships, we have an improved ability to fill more of the demand and create operational efficiencies.

Within the allied staffing business, we continue to have strength in demand for several supply-constrained therapy disciplines and more recently we have seen improving market conditions for our imaging and laboratory businesses.

In our locum tenens staffing segment, we are seeing increased market demand in certain specialties. As a result of market demand and operational changes, we are experiencing improving margins due primarily to more favorable bill rates and improved bill to pay spreads.

Throughout most of 2011, our physician permanent placement services segment demand remained constrained as we believe clients responded to weak economic conditions and budget pressure by, among other things, utilizing their internal resources for recruiting efforts and limiting their use of external retained permanent placement services. To date in 2012, we have seen an increase in market demand as well as our recruiter productivity.

In 2010, Congress passed the Patient Protection and Affordable Care Act (the “PPACA”), providing for extensive healthcare reform. Numerous states, organizations and individuals filed suit in federal court challenging the constitutionality of the PPACA. In June 2012, the Supreme Court of the United States upheld a majority of the provisions of the PPACA, including a provision commonly referred to as the “individual mandate” generally requiring most adults not covered by an employer or government-sponsored insurance plan to maintain health insurance coverage or pay a penalty. Although many questions remain and we are currently evaluating the PPACA’s potential effect on our business and those of our clients, it appears that the federal and state governments will assume a larger role in the healthcare system, the number of individuals covered by health care insurance will increase, and new and potentially significant restrictions on reimbursement for healthcare products and services may occur. We currently believe that the PPACA may: (1) give rise to changes to provider reimbursement methods and payment rates, which could affect demand for and pricing of our services; (2) affect the manner in which we contract with physicians and other healthcare professionals or with hospitals and other healthcare clients; and (3) impose additional employer-related medical costs on us.

Critical Accounting Principles and Estimates

Our critical accounting principles and estimates remain consistent with those reported in our 2011 Annual Report.

Results of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Consolidated Statements of Operations:				
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	71.6	72.7	71.8	71.8
Gross profit	28.4	27.3	28.2	28.2
Selling, general and administrative	21.3	21.8	21.1	22.2
Depreciation and amortization	1.5	1.9	1.6	2.0
Income from operations	5.6	3.6	5.5	4.0
Interest expense, net	5.8	2.5	4.1	2.6
Income (loss) from continuing operations before income taxes	(0.2)	1.1	1.4	1.4
Income tax expense (benefit)	(0.2)	0.8	0.7	0.9
Income (loss) from continuing operations	0.0	0.3	0.7	0.5
Income from discontinued operations, net of tax	0.0	0.1	0.2	0.2
Net income (loss)	0.0%	0.4%	0.9%	0.7%

Comparison of Results for the Three Months Ended June 30, 2012 to the Three Months Ended June 30, 2011

Revenue. Revenue increased 7% to $235.8 million for the three months ended June 30, 2012 from $220.6 million for the same period in 2011, primarily due to higher revenue in the nurse and allied healthcare staffing segment, partially offset by lower revenue in the locum tenens staffing segment.

Nurse and allied healthcare staffing segment revenue increased 13% to $158.6 million for the three months ended June 30, 2012 from $140.0 million for the same period in 2011. The increase was primarily attributable to an increase in the average number of temporary healthcare professionals on assignment and an increase in bill rates during the three months ended June 30, 2012.

Locum tenens staffing segment revenue decreased 5% to $67.6 million for the three months ended June 30, 2012 from $71.1 million for the same period in 2011. The decrease was primarily attributable to a decline in the number of days filled by healthcare professionals and an increasing percentage of our days filled being attributable to lower bill rate specialties, partially offset by an increase in the average bill rate across most specialties.

Physician permanent placement services segment revenue increased slightly to $9.6 million for the three months ended June 30, 2012 from $9.5 million for the same period in 2011.

Cost of Revenue. Cost of revenue increased 5% to $168.8 million for the three months ended June 30, 2012 from $160.4 million for the same period in 2011. The increase was primarily due to an increase in the average number of temporary healthcare professionals on assignment in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment cost of revenue increased 12% to $116.2 million for the three months ended June 30, 2012 from $103.9 million for the same period in 2011. The increase was primarily attributable to the increase in the average number of temporary healthcare professionals on assignment during the three months ended June 30, 2012.

Locum tenens staffing segment cost of revenue decreased 8% to $48.8 million for the three months ended June 30, 2012 from $53.0 million for the same period in 2011. The decrease was primarily attributable to a decline in the number of days filled by healthcare professionals and an increasing percentage of our days filled being attributable to the lower pay rate specialties.

Physician permanent placement services segment cost of revenue increased 6% to $3.8 million for the three months ended June 30, 2012 from $3.6 million for the same period in 2011.

Gross Profit. Gross profit increased 11% to $67.0 million for the three months ended June 30, 2012 from $60.2 million for the same period in 2011, representing gross margins of 28.4% and 27.3%, respectively. The increase in gross margin was primarily due to higher margins in nurse and allied healthcare staffing and locum tenens staffing segments due to higher bill to pay spreads. The increase in gross margin was partially offset by a lower margin in the physician permanent placement segment due to the prior year impact from the adoption of the accounting guidance on revenue arrangements with multiple deliverables effective on January 1, 2011. Gross margin by reportable segment for the three months ended June 30, 2012 and 2011 was 26.7% and 25.8% for nurse and allied healthcare staffing, 27.9% and 25.5% for locum tenens staffing and 59.9% and 62.4% for physician permanent placement services, respectively.

Selling, General and Administrative. Selling, general and administrative ("SG&A") expenses were $50.3 million, representing 21.3% of revenue, for the three months ended June 30, 2012, as compared to $48.2 million, representing 21.8% of revenue, for the same period in 2011. The increase in SG&A expenses compared to the same quarter last year was due primarily to increased spending supporting the growth in business, partially offset by the absence of integration-related expenses associated with the Medfinders acquisition and improved SG&A leverage. SG&A expenses broken down among the reportable segments, unallocated corporate overhead and stock-based compensation are as follows ($ amount in thousands):

	Three Months Ended June 30,	
	2012	2011
Nurse and allied healthcare staffing	$23,953	$21,721
Locum tenens staffing	12,742	12,651
Physician permanent placement services	3,853	3,405
Unallocated corporate overhead	8,179	8,697
Stock-based compensation	1,577	1,714
	$50,304	$48,188

Depreciation and Amortization. Amortization expense decreased 5% to $1.7 million for the three months ended June 30, 2012 from $1.8 million for the same period in 2011. Depreciation expense decreased 17% to $1.9 million for the three months ended June 30, 2012 from $2.3 million for the same period in 2011, with the decrease primarily attributable to having more fixed assets fully depreciated during the three months ended June 30, 2012.

Interest Expense, Net. Interest expense, net, was $13.6 million for the three months ended June 30, 2012 as compared to $5.6 million for the same period in 2011. Interest expense for the three months ended June 30, 2012 included an $8.6 million write-off of unamortized deferred financing fees and original issue discount and a $1.2 million prepayment penalty paid in connection with the refinancing of our credit facilities.

Income Tax Expense (Benefit). Income tax benefit was $(0.4) million for the three months ended June 30, 2012, as compared to income tax expense of $1.7 million for the same period in 2011, reflecting effective income tax rates of 82.9% and 73.6% 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 “Item 1. Condensed Consolidated Financial Statements (unaudited)—Notes to Unaudited Condensed Consolidated Financial Statements—Note 8, Income Taxes.”

Comparison of Results for the Six Months Ended June 30, 2012 to the Six Months Ended June 30, 2011

Revenue. Revenue increased 6% to $462.2 million for the six months ended June 30, 2012 from $436.4 million for the same period in 2011, primarily due to higher revenue in the nurse and allied healthcare staffing segment, partially offset by lower revenue in the locum tenens staffing and physician permanent placement services segments.

Nurse and allied healthcare staffing segment revenue increased 14% to $312.5 million for the six months ended June 30, 2012 from $274.8 million for the same period in 2011. The increase was primarily attributable to an increase in the average number of temporary healthcare professionals on assignment and an increase in bill rates during the six months ended June 30, 2012.

Locum tenens staffing segment revenue decreased 7% to $131.1 million for the six months ended June 30, 2012 from $141.3 million for the same period in 2011. The decrease was primarily attributable to a decline in the number of days filled by healthcare professionals and an increasing percentage of our days filled being attributable to lower bill rate specialties.

Physician permanent placement services segment revenue decreased 8% to $18.6 million for the six months ended June 30, 2012 from $20.3 million for the same period in 2011. The decrease was primarily attributable to the prior year’s adoption of the accounting guidance on revenue arrangements with multiple deliverables, which resulted in recognition of additional revenue of $2.9 million that would have previously been deferred during the six months ended June 30, 2011.

Cost of Revenue. Cost of revenue increased 6% to $332.0 million for the six months ended June 30, 2012 from $313.5 million for the same period in 2011. The increase was primarily due to an increase in the average number of temporary healthcare professionals on assignment in the nurse and allied healthcare staffing segment.

Nurse and allied healthcare staffing segment cost of revenue increased 14% to $229.5 million for the six months ended June 30, 2012 from $201.6 million for the same period in 2011. The increase was primarily attributable to the increase in the average number of temporary healthcare professionals on assignment during the six months ended June 30, 2012 and a $1.6 million actuarial-based workers compensation benefit recorded during the six months ended June 30, 2011.

Locum tenens staffing segment cost of revenue decreased 9% to $95.0 million for the six months ended June 30, 2012 from $104.8 million for the same period in 2011. The decrease was primarily attributable to a decline in the number of days filled by healthcare professionals and an increasing percentage of our days filled being attributable to the lower pay rate specialties.

Physician permanent placement services segment cost of revenue increased 4% to $7.5 million for the six months ended June 30, 2012 from $7.2 million for the same period in 2011 primarily due to increases in travel expenses and recruiter compensation.

Gross Profit. Gross profit increased 6% to $130.2 million for the six months ended June 30, 2012 from $122.9 million for the same period in 2011, representing gross margins of 28.2% for both periods. Gross margin by reportable segment for the six months ended June 30, 2012 and 2011 was 26.6% and 26.6% for nurse and allied healthcare staffing, 27.5% and 25.8% for locum tenens staffing, and 59.7% and 64.7% for physician permanent placement services, respectively.

Selling, General and Administrative. SG&A expenses were $97.5 million, representing 21.1% of revenue, for the six months ended June 30, 2012, as compared to $96.9 million, representing 22.2% of revenue, for the same period in 2011. The slight increase in SG&A expenses compared to the same period last year was due primarily to increased spending supporting the growth in business, partially offset by the absence of integration-related expenses associated with the Medfinders acquisition, improved SG&A leverage, and a refund received during the six months ended June 30, 2012 in connection with the settlement of a prior period assessment from the California Employment Development Department. SG&A expenses broken down among the reportable segments, unallocated corporate overhead and stock-based compensation are as follows ($ amount in thousands):

	Six Months Ended June 30,	
	2012	2011
Nurse and allied healthcare staffing	$47,486	$43,674
Locum tenens staffing	25,569	25,041
Physician permanent placement services	7,508	6,815
Unallocated corporate overhead	13,911	17,682
Stock-based compensation	3,006	3,696
	$97,480	$96,908

Depreciation and Amortization. Amortization expense decreased 5% to $3.4 million for the six months ended June 30, 2012 from $3.6 million for the same period in 2011. Depreciation expense decreased 24% to $3.8 million for the six months ended June 30, 2012 from $5.0 million for the same period in 2011, with the decrease primarily attributable to more fixed assets being fully depreciated during the six months ended June 30, 2012.

Interest Expense, Net. Interest expense, net, was $19.1 million for the six months ended June 30, 2012 as compared to $11.1 million for the same period in 2011. Interest expense for the six months ended June 30, 2012 included an $8.6 million write-off of unamortized deferred financing fees and original issue discount and a $1.2 million prepayment penalty paid in connection with the refinancing of our credit facilities.

Income Tax Expense. We recorded income tax expense of $3.0 million for the six months ended June 30, 2012 as compared to $4.0 million for the same period in 2011, reflecting effective income tax rates of 46.8% and 63.1% for these periods, respectively. The decrease 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 “Item 1. Condensed Consolidated Financial Statements (unaudited)—Notes to Unaudited Condensed Consolidated Financial Statements—Note 8, Income Taxes.”

Liquidity and Capital Resources

In summary, for the six months ended June 30, 2012 and 2011, our cash flows were as follows:

	Six Months Ended June 30,	
	2012	2011
	(in thousands)	
Net cash provided by operating activities	$ 30,550	$ 7,918
Net cash provided by investing activities	6,321	268
Net cash used in financing activities	(25,325)	(2,143)

Historically, our primary liquidity requirements have been for acquisitions, working capital requirements and debt service under our credit facilities. We have funded these requirements through internally generated cash flow and funds borrowed under our credit facilities. At June 30, 2012, $193.7 million, net of discount, was outstanding under our credit facilities with $39.6 million of available credit under our revolving credit facility.

We believe that cash generated from operations and available borrowings under our existing revolving credit facility, which we entered into on April 5, 2012, will be sufficient to fund our operations for the next 12 months and beyond. We intend to finance potential future acquisitions either with cash provided from operations, borrowings under our existing 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 six months ended June 30, 2012 was $30.6 million, compared to $7.9 million for the same period last year. The increase in net cash provided by operations during the six months ended June 30, 2012 as compared to the same period in 2011 was primarily attributable to better operating results and a decrease in accounts receivable as a result of strong collection efforts. Our Days Sales Outstanding ("DSO") was 53 days at June 30, 2012. DSO was 61 days and 54 days at December 31, 2011 and June 30, 2011, respectively.

Investing Activities:

Net cash provided by investing activities during the six months ended June 30, 2012 was $6.3 million, compared to $0.3 million for the same period in 2011. The change was primarily related to the proceeds from the sale of the home healthcare services segment during the six months ended June 30, 2012.

Financing Activities:

Net cash used in financing activities during the six months ended June 30, 2012 was $25.3 million, primarily due to paying off our prior credit facilities offset with the additional borrowings under our new credit facilities. During the six months ended June 30, 2011, cash used in financing activities was $2.1 million primarily due to paying down our then-existing debt.

On April 5, 2012, we entered into a Credit Agreement (the "New Credit Agreement"). The New Credit Agreement provides two credit facilities (the "Credit Facilities"), including (A) a $50 million secured revolving credit facility (the "Revolver") that includes a $20 million sublimit for the issuance of letters of credit and a $15 million sublimit for swingline loans and (B) a $200 million face value secured term loan credit facility (the "Term Loan"), net of unamortized original issue discount of $2.0 million. In addition, the New Credit Agreement provides that we may from time to time obtain an increase in the Revolver or the Term Loan in an aggregate principal amount not to exceed $75 million (with a $37.5 million sublimit for the Revolver) subject to, among other conditions, the arrangement of additional commitments with financial institutions reasonably acceptable to us and the administrative agent. The Revolver is available to us for working capital, capital expenditures, permitted acquisitions and general corporate purposes. The standby letters of credit issued under one of the previous credit facilities were also rolled under and deemed issued under the Revolver. The maturity dates of the Revolver and the Term Loan are April 5, 2017 and April 5, 2018, respectively.

The proceeds from the initial drawdown under the Credit Facilities were used to repay in full all outstanding indebtedness under our previous credit facilities and to pay related transaction costs. In addition, during the six months ended June 30, 2012 and prior to our entry into the New Credit Agreement, we made the following payments on the prior first lien term loan credit facility: (1) a $4.6 million quarterly principal amortization payment, (2) a $5.0 million voluntary payment using the proceeds from the sale of our home healthcare services business in January 2012 and (3) a $0.2 million payment to satisfy the excess cash flow prepayment requirement for 2011. In connection with obtaining the Credit Facilities, we incurred approximately $3.9 million in deferred financing fees, which were capitalized and are amortized to interest expense over the term of the New Credit Agreement. In addition, the loss on debt extinguishment, before tax, included the write-off to interest expense of $8.6 million of unamortized deferred financing fees and original issue discount and a $1.2 million prepayment penalty associated with the repayment of the prior credit facilities.

During the six months ended June 30, 2012, we made a quarterly principal amortization payment and voluntary prepayment on the Term Loan, which totaled $4.4 million. At June 30, 2012, the aggregate outstanding principal amount of the Term Loan (including both the current and long-term portions), net of discount, was $193.7 million. The $20.0 million current portion of the notes payable set forth in our unaudited condensed consolidated balance sheet dated June 30, 2012 represents voluntary prepayments we made subsequent to June 30, 2012 through the time of filing of this Quarterly Report on Form 10-Q with the SEC, which prepayments also satisfied all scheduled quarterly principal amortization payments due under the Credit Facilities through June 30, 2013.

At June 30, 2012, we maintained outstanding standby letters of credit totaling $28.4 million as collateral in relation to our professional liability insurance agreements, workers compensation insurance agreements, and a corporate office lease agreement. Of the $28.4 million outstanding letters of credit, we have cash collateralized $18.0 million and the Revolver collateralizes the remaining $10.4 million. Outstanding standby letters of credit at December 31, 2011 totaled $28.4 million.

The Revolver carries an unused fee of 0.5% per annum. There are no mandatory reductions in the Revolver. Borrowings under the Revolver bear interest at floating rates based upon either a LIBOR or a base rate option selected by us, plus a spread of 3.75% to 4.25% and 2.75% to 3.25%, respectively, in each case, as specifically determined quarterly based upon our then-existing consolidated leverage ratio (as defined in the New Credit Agreement). At June 30, 2012, there was no amount outstanding under the Revolver. At December 31, 2011, there was $3.0 million outstanding under our prior revolving facility.

The Term Loan is subject to amortization of principal of 1.00% per year of the original Term Loan amount, payable in equal quarterly installments. Borrowings under the Term Loan bear interest at floating rates based upon either a LIBOR (with a floor of 1.25%) or a base rate option selected by us, plus a spread of 4.50% to 4.75% and 3.50% to 3.75%, respectively, in each case, as specifically determined quarterly based upon our then-existing consolidated leverage ratio.

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

Off-Balance Sheet Arrangements

At June 30, 2012, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Potential Fluctuations in Quarterly Results and Seasonality

Due to the regional and seasonal fluctuations in the hospital patient census and staffing needs of our 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.

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 expectations, estimates, forecasts and projections about future events and about the industry in which we operate. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "should," "would," "project," "may," variations of such words and other similar expressions. In addition, any statements that refer to projections of financial items, anticipated growth, future growth and revenues, future economic conditions and performance, plans, objectives and strategies for future operations, expectations, or other characterizations of future events or circumstances are forward-looking statements. All forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those discussed in, or implied by, these forward-looking statements. Factors that could cause actual results to differ materially from those implied by the forward-looking statements in this Quarterly Report on Form 10-Q are set forth in our 2011 Annual Report and include but are not limited to:

- our ability to sustain and grow our staffing services in a continued significant economic downturn and slow industry;
- the effects of economic downturns or slow recoveries, which could result in less demand for our services;
- our ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks and physician practice groups on terms attractive to us and to secure orders and searches related to those contracts;
- the level of consolidation and concentration of buyers of healthcare staffing services, which could affect the pricing of our services and our ability to mitigate risk;
- the potential impact on the demand for our services caused by adoption of alternative modes of healthcare delivery;
- any inability on our part to quickly respond to changing marketplace conditions and customer needs;
- the ability of our clients to retain and increase the productivity of their permanent staff, which may negatively affect the demand for our services;
- our ability to grow and operate our business in compliance with employment laws and other legislation, laws and regulations that may directly or indirectly affect us, such as Medicare certification and reimbursement, state licensure, government contracting requirements, the PPACA and other state or federal healthcare reform legislation;
- the challenge to the classification of certain of our healthcare professionals as independent contractors;
- the effect of medical malpractice and other claims asserted against us for which we carry significant self-insured retentions;
- any inability on our part to leverage our cost structure effectively;
- access to and undisrupted performance of our management information and communication systems, including the Internet, our candidate and client databases, and payroll and billing software systems;
- any inability on our part to keep our client and provider-facing self-service websites operational and without service interruptions;

- any inability on our part to recruit and retain sufficient quality healthcare professionals at reasonable costs;
- any inability on our part to properly screen and match quality healthcare professionals with suitable placements;
- any inability on our part to successfully attract and retain a sufficient number of quality sales and operational personnel;
- the loss of our key officers and management personnel;
- any inability on our part to maintain at reasonable costs the positive brand identities we have developed;
- any recognition by us of an impairment to goodwill or indefinite lived intangibles;
- the effect of adverse adjustments by us to accruals for self-insured retentions and uncertain income tax liability, which could decrease our earnings or increase our losses, as the case may be, or negatively affect our cash flow; and
- our level of indebtedness and any inability on our part to generate sufficient cash flow to service our debt.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. During the six months ended June 30, 2012, our primary exposure to market risk was interest rate risk associated with our debt instruments. We entered into the New Credit Agreement on April 5, 2012. Borrowings under the new Term Loan bear interest at floating rates based upon either a LIBOR (with a floor of 1.25%) or a base rate option selected by us, plus a spread of 4.50% to 4.75% and 3.50% to 3.75%, respectively. A 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately $1.0 million for the six months ended June 30, 2012.

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, 2012 were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2012 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
4.1	Credit Agreement, dated as of April 5, 2012, by and among AMN Healthcare, Inc., as borrower, AMN Healthcare Services, Inc., AMN Services, LLC, O'Grady-Peyton International (USA), Inc., AMN Staffing Services, LLC, The MHA Group Inc., Merritt, Hawkins & Associates, AMN Healthcare Allied, Inc., RN Demand, Inc., Staff Care, Inc., AMN Allied Services, LLC, Pharmacy Choice, Inc., Rx Pro Health, Inc., Nursefinders, LLC, Linde Health Care Staffing, Inc., National Healthcare Staffing, LLC, as guarantors, the lenders identified on the signature pages thereto, as lenders, and SunTrust Bank, as administrative agent (incorporated by reference to Exhibit 4.1 filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, filed with the SEC on May 4, 2012)
10.1	AMN Healthcare Equity Plan, as Amended and Restated (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K dated April 18, 2012, filed with the SEC on April 20, 2012)
10.2	Form of AMN Healthcare Equity Plan Restricted Stock Unit Agreement—Director (One Year Vesting and Settlement)*
31.1	Certification by Susan R. Salka pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
31.2	Certification by Brian M. Scott pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934*
32.1	Certification by Susan R. Salka pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification by Brian M. Scott pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith.

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

Table of Contents

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 6, 2012

AMN HEALTHCARE SERVICES, INC.

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

Date: August 6, 2012

	/S/ BRIAN M. SCOTT
Name:	**Brian M. Scott**
Title:	**Chief Accounting Officer, Chief Financial Officer and Treasurer (Principal Accounting and Financial Officer)**

FORM OF AMN HEALTHCARE
EQUITY PLAN
RESTRICTED STOCK UNIT AGREEMENT
(DIRECTORS ONE YEAR VESTING AND SETTLEMENT)

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

W I T N E S S E T H:

WHEREAS, the Company sponsors the AMN Healthcare Equity Plan, as amended and restated (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 service, as defined in any existing consulting or any other agreement between the Grantee and the Company or a Subsidiary or Affiliate, or, in the absence of such a 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 his/her 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) "Grant Date" means   , 20 , which is the date specified in the authorization of this RSU grant.

(f) "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.

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

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 Restricted Stock Units.

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, 100% of the RSUs shall vest on the earlier of the first anniversary of the Grant Date or the date of the Company's annual meeting of stockholders the first year following the Grant Date.

4. Settlement of RSUs.

(a) Each vested RSU entitles the Grantee to receive one share of Stock on the "Settlement Date," which shall be the vesting 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.

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 Service.

(a) If, prior to the Settlement Date, the Grantee shall undergo a termination of service other than for Cause, the RSUs which are not vested at the date of such termination shall expire on such date.

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

7. Company; Grantee.

(a) The term "Company" as used in this Agreement with reference to service 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, or to a trust solely for the benefit of the Grantee or Grantee's immediate family.

9. Forfeiture for Violation.

(a) Non-Solicit. The Grantee agrees that during the term of Grantee's service and for a period of two years thereafter, 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 his/her service was a nurse, physician, allied healthcare professional or other healthcare professional, employee, customer, client or supplier of the Company.

(b) Confidential and Proprietary Information. The Grantee agrees that he/she 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(b) 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 in service 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 service, 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 him/her.

(c) Forfeiture for Violations. If the Grantee shall at any time violate the provisions of Section 9(a) or (b), 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 he/she 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.

(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's address as recorded in the records of the Company.

13. No Right to Continued Service. This Agreement shall not be construed as giving the Grantee the right to be retained in the 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. By entering into this Agreement, the Grantee agrees and acknowledges that the Grantee has received and read a copy of the Plan. The RSUs are subject to the terms of the Plan. The terms and provisions of the Plan 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 the Plan, the applicable terms and provisions of the 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: ______________________________
Name: Susan R. Salka
Title: President and CEO

GRANTEE

By: ______________________________
Name:

Exhibit 31.1

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

I, Susan R. Salka, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 6, 2012

	/S/ SUSAN R. SALKA
Name:	**Susan R. Salka**
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, Brian M. Scott, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 6, 2012

	/S/ BRIAN M. SCOTT
Name:	**Brian M. Scott**
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 June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Susan R. Salka, 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 6, 2012

/s/ Susan R. Salka

Susan R. Salka
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 June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian M. Scott, Chief Accounting Officer, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: August 6, 2012

/S/ BRIAN M. SCOTT

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