CROSS COUNTRY HEALTHCARE INC
Form DEF 14A
March 25, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant ¨

Check the appropriate box:

..

Preliminary Proxy Statement

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Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

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Definitive Proxy Statement

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Definitive Additional Materials

..

Soliciting Material Pursuant to §240.14a-12

CROSS COUNTRY HEALTHCARE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

..

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(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

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Fee paid previously with preliminary materials.

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1)

Amount Previously Paid:

(2)

Form, Schedule or Registration Statement No.:

(3)

Filing Party:

(4)

Date Filed:

CROSS COUNTRY HEALTHCARE, INC.

6551 Park of Commerce Boulevard

Boca Raton, Florida 33487

March 25, 2010

Dear Cross Country Healthcare Stockholder:

I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on Tuesday, May 4, 2010 at 11:00 a.m. Eastern Time at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299.

On the following pages, you will find the Notice of Meeting, which lists the matters to be considered and acted upon at the meeting, and the Proxy Statement. After the formal business session, we will discuss the financial results for 2009 and report on current operations.

Your vote is very important regardless of the number of shares you own. Detailed voting instructions appear on page 1 of the Proxy Statement. The Board of Directors unanimously recommends that you vote FOR Proposals I, II, and III described in the Proxy Statement.

Sincerely,

Joseph A. Boshart
President and Chief Executive Officer

CROSS COUNTRY HEALTHCARE, INC.

6551 Park of Commerce Boulevard

Boca Raton, Florida 33487

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 4, 2010

To the Holders of Common Stock:

The Annual Meeting of Stockholders of Cross Country Healthcare, Inc. (the Company) will be held at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299 on Tuesday, May 4, 2010, at 11:00 a.m. Eastern Time for the following purposes:

1.

To elect seven directors to the Company s Board of Directors to hold office until the next Annual Meeting or until their successors are duly elected and qualified;

2.

To approve the amendment of the Cross Country Healthcare, Inc. 2007 Stock Incentive Plan (the Plan) to (i) increase the number of shares of common stock, par value $0.0001 per share (the Common Stock), of the Company that may be issued under the Plan from 1,500,000 shares to 3,500,000 shares and (ii) increase the share sub-limit for awards that are not appreciation awards that may be granted pursuant to the Plan, from 1,200,000 shares to 1,700,000 shares of Common Stock.

3.

To approve and ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2010; and

4.

To transact such other business, if any, as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on March 4, 2010 are entitled to receive notice of, and to vote at, the Annual Meeting.

Important Notice Regarding the Availability of

Proxy Materials for the Annual Meeting of Stockholders

to be Held on May 4, 2010.

The Proxy Statement and the Annual Report to stockholders are available online at the Company s website at *www.ir.crosscountryhealthcare.com*.

By Order of the Board of Directors,

Susan E. Ball
General Counsel and Secretary

March 25, 2010

YOUR VOTE IS IMPORTANT. ACCORDINGLY, THE COMPANY URGES YOU TO COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING. STOCKHOLDERS CAN ALSO RETURN THEIR VOTE BY THE INTERNET AND BY PHONE PLEASE SEE THE PROXY CARD FOR VOTING INSTRUCTIONS.

CROSS COUNTRY HEALTHCARE, INC.

6551 Park of Commerce Boulevard

Boca Raton, Florida 33487

PROXY STATEMENT

GENERAL INFORMATION

These proxy materials are furnished in connection with the solicitation by the Board of Directors of Cross Country Healthcare, Inc. (Cross Country, the Company, our, we, or us), a Delaware corporation, of proxies to be voted at 2010 Annual Meeting of Stockholders (the Annual Meeting) or at any adjournment or postponement thereof.

You are invited to attend our Annual Meeting on Tuesday, May 4, 2010, beginning at 11:00 a.m. Eastern Time at the offices of Proskauer Rose LLP at 1585 Broadway, New York, New York 10036-8299. This Proxy Statement, form of proxy and voting instructions are being mailed to our stockholders on or about March 25, 2010.

Stockholders Entitled to Vote. Persons holding shares of the Company s Common Stock, par value $.0001 per share, at the close of business on March 4, 2010, the record date for the Annual Meeting, are entitled to receive notice of and to vote their shares at the Annual Meeting. As of that date, there were 31,426,461 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Proxies. Your vote is important. Stockholders of record may vote their proxies by marking the appropriate boxes on the enclosed proxy card and by signing, dating and returning the card in the enclosed envelope. You may revoke your proxy and reclaim your right to vote up to and including the day of the Annual Meeting by giving written notice of revocation to the Company (to the attention of the Inspectors of Election), timely delivering a valid, later-dated proxy or voting by ballot at the Annual Meeting.

Vote at the Annual Meeting. Your mail-in vote will not limit your right to vote at the Annual Meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

All shares that have been properly voted and not revoked will be voted at the Annual Meeting in accordance with your instructions. If you sign and return your proxy card but do not give voting instructions, the shares represented by the proxy will be voted by the Proxy Committee as recommended by the Board of Directors.

The Proxy Committee consists of Joseph A. Boshart and Thomas C. Dircks. Proxy cards, unless otherwise indicated by the stockholder, confer upon the Proxy Committee discretionary authority to vote all shares of stock represented by the proxies on any matter which may be properly presented for action at the Annual Meeting even if not covered herein. If any of the nominees for director named in Proposal I Election of Directors should be unavailable for election, the proxies will be voted for the election of such other person as may be recommended by the Board of Directors in place of such nominee. The Board of Directors is not aware of any matter for action by the stockholders at the Annual Meeting other than the matters described in the Notice.

Quorum. The presence, in person or by proxy, of the holders of a majority of the shares of Common Stock issued and outstanding entitled to vote at the Annual Meeting is required to constitute a quorum. Abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares as to a matter with respect to which the brokers or nominees do not have discretionary power to vote) are counted as present for purposes of determining the presence or absence of a quorum for the transaction of business.

Required Vote. The affirmative vote of a plurality of the shares represented at the Annual Meeting, in person or by proxy and entitled to vote is required for the election of directors. Votes withheld, abstentions and broker non-votes will not have any effect on the outcome of voting with respect to the election of directors, unless no affirmative votes are received for a nominee. The affirmative vote of holders of a majority of shares represented at the Annual Meeting, in person or by proxy and entitled to vote is required for the approval of the amendment to the Plan and for the ratification of the Audit Committee selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2010. Abstentions have the same effect as a vote against any proposal. Broker non-votes are deemed not entitled to vote and are not counted as votes for or against any proposal.

Proxy Solicitation. The Company will bear the cost of solicitation, including the preparation, assembly, printing and mailing of the proxy materials. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. In addition, the Company may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by telephone, telegram or other means by directors, officers or employees of the Company. No additional compensation will be paid to these individuals for any such services. Except as described above, the Company does not presently intend to solicit proxies other than by mail.

Stockholder Communications. The Board of Directors has adopted a process by which stockholders may communicate with our directors. Any stockholder wishing to do so may call our toll-free phone number at 800-354-7197 or send an e-mail to governance@crosscountry.com. All such communications will be kept confidential and forwarded directly to the Board of Directors or any individual director or committee of the Board of Directors, as applicable.

Code of Ethics and Business Ethics Policy. The Company has adopted a code of ethics and a business ethics policy that applies to all of our employees, including executive officers and the Board of Directors. The code of ethics and business ethics policy are available on our website at www.crosscountryhealthcare.com under Investor Relations and the code of ethics has been filed with the Commission as an exhibit to our Form 10-K for the year ended December 31, 2004, and incorporated by reference into our Form 10-K for the year ended December 31, 2009.

SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of March 4, 2010, regarding the beneficial ownership of our Common Stock by each person who is known by us to be the beneficial owner of more than 5% of our Common Stock, our Chief Executive Officer, Chief Financial Officer, the three most highly compensated persons (other than the CEO and CFO) who were serving as executive officers at December 31, 2009, one individual who would have been one of the top three most highly compensated persons but for the fact that such individual was not serving as an executive officer of the registrant at the end of the last completed fiscal year (Named Executive Officers or the NEOs), each of our directors and director nominees, and all directors and executive officers as a group. The percentages in the last column are based on 31,426,461 shares of Common Stock outstanding on March 4, 2010, plus the number of shares of Common Stock deemed to be beneficially owned by such individual or group pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934, as amended (the Exchange Act). In each case, except as otherwise indicated in the footnotes to the table, the shares shown in the second column are owned directly by the individual or members of the group named in the first column and such individual or group members have sole voting and dispositive power with respect to the shares shown. For purposes of this table, beneficial ownership is determined in accordance with federal securities laws and regulations. Persons shown in the table disclaim beneficial ownership of all securities not held by such persons directly and inclusion in the table of shares not owned directly by such persons does not constitute an admission that such shares are beneficially owned by the director or officer for purposes of Section 16 of the Exchange Act or any other purpose.

Name	Number of Shares of Common Stock Beneficially Owned	Percentage of Outstanding Common Stock Owned
Third Avenue Management LLC	6,373,482 (a)(b)	20.3 %
Artisan Partners LP	3,809,956 (a)(c)	12.1 %
Wells Fargo & Company	3,095,079 (a)(d)	9.9 %
MetLife Advisers, LLC	2,646,303 (a)(e)	8.4 %
Royce & Associates, LLC	2,598,800 (a)(f)	8.3 %
Dimensional Fund Advisors LP	2,596,725 (a)(g)	8.3 %
Charterhouse Equity Partners III, L.P.	2,461,432 (a)(h)	7.8 %
BlackRock, Inc.	2,345,208 (a)(i)	7.5 %
Vickie L. Anenberg	117,110 (j)(l)	*
Susan E. Ball	62,350 (j)(l)	*
Joseph A. Boshart	454,748 (j)(k)(l)	1.4
W. Larry Cash	45,048 (j)(l)	*
C. Taylor Cole Jr.	(l)(m)	
Thomas C. Dircks	(l)(m)	
Gale Fitzgerald	12,798 (j)(l)	*

Emil Hensel	266,998 (j)(l)(n)	*
Victor Kalafa	79,061 (j)(l)	*
Joseph Trunfio	39,048 (j)(l)	*
Jonathan W. Ward	88,964 (j)(l)	*
All directors and executive officers as a group	1,300,190 (o)	4.1 %

*

Less than 1%

(a)

Addresses are as follows: Third Avenue Management LLC, 622 Third Avenue, 32nd Floor, New York, New York 10017; Artisan Partners Limited Partnership, 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202; Wells Fargo & Company, 420 Montgomery Street, San Francisco, CA 94104; MetLife Advisers, LLC, 501 Boylston Street, Boston, MA 02116; Royce & Associates, LLC, 745 Fifth Avenue, New York, NY 10151; Dimensional Fund Advisors LP and affiliates, Palisades West, Building One, 6300 Bee Cave Road, Austin, Texas 78746; Charterhouse Equity Partners III, L.P. 1105 N. Market Street, Suite 1300, Wilmington, DE 19899; and BlackRock, Inc., 40 East 52nd Street, New York, New York 10022.

(b)

The information regarding the beneficial ownership of shares by Third Avenue Management LLC was obtained from its statement on Schedule 13G, filed with the Commission on February 16, 2010. Such statement discloses that Third Avenue Management LLC possesses sole dispositive and voting power over 6,373,482 shares.

(c)

The information regarding the beneficial ownership of shares by Artisan Partners LP was obtained from its statement on Schedule 13G/A, filed with the Commission on February 11, 2010. Such statement discloses that Artisan Partners Holdings LP, Artisan Investment Corporation, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler possess shared voting power over 3,481,356 shares and shared dispositive power over 3,809,986 shares, Artisan Partners Limited

Partnership and Artisan Investments GP LLC possess shared voting power over 3,418,156 shares and Artisan Funds, Inc. possesses shared dispositive and voting power over 2,317,100 shares.

(d)

The information regarding the beneficial ownership of shares by Wells Fargo & Company was obtained from its statement on Schedule 13G/A, filed with the Commission on January 22, 2010. Such statement discloses that Wells Fargo & Company possesses sole dispositive power over 3,049,079 shares and sole voting power over 3,068,751 shares.

(e)

The information regarding the beneficial ownership of shares by MetLife Advisers LLC was obtained from its statement on Schedule 13G, filed with the Commission on February 10, 2010. Such statement discloses that MetLife Advisers, LLC possesses no sole voting power but has shared voting and dispositive power over 2,646,303 shares.

(f)

The information regarding the beneficial ownership of shares by Royce & Associates, LLC was obtained from its statement on Schedule 13G/A, filed with the Commission on January 25, 2010. Such statement discloses that Royce & Associates, LLC possesses sole dispositive and voting power over 2,598,800 shares.

(g)

The information regarding the beneficial ownership of shares by advisory clients of Dimensional Fund Advisors LP was obtained from its statement on Schedule 13G/A, filed with the Commission on February 8, 2010. In its role as investment advisor or manager, Dimensional Fund Advisors LP possesses investment and/or voting power over the number of shares described in the Schedule 13G/A that are owned by funds and may be deemed to be the beneficial owner.

(h)

The general partner of Charterhouse Equity Partners III, L.P. (CEP III) is CHUSA Equity Investors III, L.P., whose general partner is Charterhouse Equity III, Inc., a wholly owned subsidiary of Charterhouse Group, Inc. (Charterhouse). The information regarding the beneficial ownership of shares by CEP III was obtained from its statement on Schedule 13G/A filed with the Commission on January 13, 2010. Such statement discloses that CEP III possesses sole dispositive and voting power over 2,461,432 shares.

(i)

The information regarding the beneficial ownership of shares by BlackRock, Inc. was obtained from its statement on Schedule 13G, filed with the Commission on January 29, 2010. Such statement discloses that BlackRock, Inc. possesses sole voting power and sole dispositive power over 2,345,208 shares.

(j)

Includes shares of Common Stock which such individuals have the right to acquire through the exercise of stock options within 60 days of March 4, 2010 as follows: Vickie L. Anenberg 37,253; Susan E. Ball, 32,991; Joseph A. Boshart, 40,288; W. Larry Cash, 29,250; Gale Fitzgerald, 0; Emil Hensel, 42,087; Victor Kalafa 47,296; and Jonathan W. Ward, 35,144. Includes Restricted Shares as follows: Vickie L. Anenberg; 34,870; Susan E. Ball, 25,313; Joseph A. Boshart, 93,460; W. Larry Cash, 9,627; Gale Fitzgerald, 9,627; Emil Hensel, 61,973; Victor Kalafa, 25,313;

and Jonathan W. Ward, 40,930.

(k)

Mr. Boshart holds 298,304 shares directly, his wife holds 78,377 shares and each of his three children holds 12,593 shares.

(l)

Address is c/o Cross Country Healthcare, Inc., 6551 Park of Commerce Boulevard, Boca Raton, Florida 33487.

(m)

Thomas C. Dircks is an executive officer and director of Charterhouse. C. Taylor Cole Jr. is an executive officer of Charterhouse.

(n)

Mr. Hensel holds shares directly 68,408, his wife holds 156,502 shares. In addition, Mr. Hensel s three children hold 50,118 shares in the aggregate. Mr. Hensel s children are adults and as a result, he disclaims beneficial ownership of these shares.

(o)

Includes 383,777 shares of Common Stock which the directors and executive officers have the right to acquire through the exercise of stock options within 60 days of March 4, 2010 and 347,691 Restricted Shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The members of our Board of Directors, our officers and persons who hold more than 10% of our outstanding Common Stock are subject to the reporting requirements of Section 16(a) of the Exchange Act, which requires them to file reports with respect to their ownership of our Common Stock and their transactions in such Common Stock. Based solely upon a review of (i) the copies of Section 16(a) reports which we have received from such persons or entities for transactions in our Common Stock and their Common Stock holdings for year ended December 31, 2009 and (ii) the written representations received from one or more of such persons or entities that no annual Form 5 reports were required to be filed by them for such fiscal year, we believe that all reporting requirements under Section 16(a) for such fiscal year were met in a timely manner by our directors, officers and beneficial owners of more than 10% of our Common Stock.

PROPOSAL I

ELECTION OF DIRECTORS

The Board of Directors currently consists of seven members. All of the directors currently serving on the Board of Directors have been nominated by the Nominating Committee of the Board of Directors to stand for re-election at the Annual Meeting for one-year terms. The Board of Directors unanimously approved this nomination. Each nominee elected will hold office until the Annual Meeting of Stockholders to be held in 2011 and until a successor has been duly elected and qualified, unless prior to such meeting a director shall resign, or his or her directorship shall become vacant due to his or her death, resignation or removal.

Each nominee has agreed to serve, if elected, and management has no reason to believe that they will be unavailable to serve. If any of the nominees should be unavailable for election, the proxies will be voted for the election of such other person as may be recommended by the Board of Directors in place of such nominee. Shares represented by proxies that are returned properly signed will be voted FOR the nominees unless the stockholder indicates on the proxy that authority to vote the shares is withheld for one or more or for all of the nominees listed. A proxy cannot be voted for a greater number of persons than the seven nominees named below. Directors are elected by a plurality of the votes cast. Votes withheld, abstentions and broker non-votes will not have any effect on the outcome of voting with respect to the election of directors, unless no affirmative votes are received for a nominee.

The following seven individuals have been nominated for election at the Annual Meeting for a one-year term ending upon the 2011 Annual Meeting of Stockholders:

Name	Age	Position
Joseph A. Boshart	53	President, Chief Executive Officer and Director
Emil Hensel	59	Chief Financial Officer and Director
W. Larry Cash	61	Director
C. Taylor Cole Jr.	41	Director
Thomas C. Dircks	52	Director
Gale Fitzgerald	59	Director
Joseph Trunfio	63	Director

The Board recommends that holders vote FOR the election of the nominees.

In selecting qualified individuals to serve on our Board of Directors, among other attributes, we look for those individuals who possess characteristics that include integrity, business experience, financial acumen and leadership abilities. In addition, in composing a well-rounded Board of Directors, we look for those individuals possessing a diversity of complementary skills, core-competencies and expertise, including diversity with respect to age, gender, national origin and race, for the optimal functioning of the Board and with a view toward constituting a Board with the appropriate skills and experience necessary to oversee our business.

The following information sets forth the principal occupation and employment during at least the past five years of each director nominee, positions and offices with us, specific skills, attributes and qualifications and certain other information. In addition, we have summarized for each director nominee why such director nominee has been chosen to serve on our Board of Directors. No family relationship exists among any of the nominees or executive officers.

Joseph A. Boshart has served as President and CEO since July 1999, and formerly served in such capacities at our predecessor since 1994. He has served as a director since July 1999. Mr. Boshart served as a Director of AllianceCare, Inc. from January 2004 to March 2009. Mr. Boshart holds a B.S. degree in Economics from the University of Michigan.

The Board has concluded that Mr. Boshart should serve as a director because of his extensive experience in executive management, corporate governance, and strategic planning. Mr. Boshart s day-to-day leadership as Chief Executive Officer enables him to understand the complexities of our business, provides him with intimate knowledge of our business and operations and offers the Board the critical expertise necessary to meet the specific needs of the Company.

Emil Hensel has served as CFO since July 1999 and formerly served in such capacity at our predecessor since 1991. He has served as a director since July 1999. Mr. Hensel holds a B.S. degree in Electrical Engineering from Columbia University, a Masters degree in Engineering from Johns Hopkins University and a Masters of Business Administration from New York University.

The Board has concluded that Mr. Hensel should serve as a director due to his extensive experience in corporate financial management, fiscal oversight, corporate governance, risk management and specialized experience in accounting and tax matters. Additionally, Mr. Hensel provides strategic leadership through the implementation of the Company s overall financial policies and procedures as well as ensuring such policies and procedures meet short and long-term corporate objectives and regulatory requirements. Mr. Hensel has intimate knowledge of our business and operations and serves as the primary

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financial analytical leader to support the Company s overall business objectives and to establish the most unified financial and administrative structure possible.

W. Larry Cash has been a director and Audit Committee member since October 2001 and a Compensation Committee member since May 2006. He has been the Executive Vice President and Chief Financial Officer of Community Health Systems since September 1997 and a Director of Community Health Systems since May 2001. Prior to joining Community Health Systems, Mr. Cash served as Vice President and Group Chief Financial Officer of Columbia/HCA Healthcare Corporation from September 1996 to August 1997. Prior to Columbia/HCA, Mr. Cash spent 23 years at Humana, Inc., most recently as Senior Vice President of Finance and Operations from 1993 to 1996. He received his B.S. in Accounting from the University of Kentucky at Lexington in 1970.

The Board has concluded that Mr. Cash should serve as a director due to his has extensive executive level management skills, corporate financial management and operational experience. Additionally, Mr. Cash has a vast understanding of many aspects of the healthcare industry and brings solid expertise and proven leadership skills to the Board.

C. Taylor Cole Jr. has been a director since March 2004. Mr. Cole has been a Partner at Charterhouse, a private equity firm, since October 2002. Mr. Cole served as Senior Vice President of Charterhouse from June 2001 to October 2002 and served as Vice President from January 2000 to June 2001. He has been employed at Charterhouse since July 1998. He received a B.A. in History in 1991 and an M.B.A. in 1998 from the University of Virginia.

The Board has concluded that Mr. Cole should serve as a director because of his extensive financial expertise. Mr. Cole s experience with Charterhouse enables him to offer the Board insight on investment and corporate strategy.

Thomas C. Dircks has been a director since July 1999, a member of the Compensation Committee since October 2001 and a member of the Nominating Committee since March 2004. Mr. Dircks has been Managing Partner of Charterhouse since June 2002. Mr. Dircks served as President of Charterhouse from June 2001 until June 2002 and served as Executive Vice President of Charterhouse from July 2000 until June 2001. He has been employed as an executive officer of Charterhouse since 1983. He was previously employed as a Certified Public Accountant at a predecessor of PricewaterhouseCoopers, LLP. He holds a B.S. in Accounting and an M.B.A. from Fordham University.

The Board has concluded that Mr. Dircks should serve as a director due to his extensive executive management, accounting, tax and strategic planning expertise. Additionally, Mr. Dircks risk management skills and financial acumen add an important dimension to our Board s composition.

Gale Fitzgerald has been a director and member of the Audit Committee since May 2007 and is a retired principal of TranSpend, Inc., a consulting company. Before co-founding TranSpend, Inc. in 2003, she served as the President of QP Group, Inc. Prior to joining QP Group, Inc., she served as the Chairman and Chief Executive Officer of Computer Task Group, Inc. from 1994 to 2000. She joined Computer Task Group, Inc. in 1991 as Senior Vice President and was promoted to President and Chief Operating Officer in July 1993. Prior to joining Computer Task Group, Inc., she was Vice President, Professional Services at International Business Machines Corporation, which evolved into IBM Global Services. Ms. Fitzgerald worked at IBM for 18 years in various technical, marketing and management positions. She is currently on the Boards of Health Net, Inc. and Diebold, Inc. She previously served on the Board of Kaleida Health, a health system comprising 5 hospitals and numerous community health centers from 1995 to 2002. Ms. Fitzgerald has a B.A. in Government from Connecticut College.

The Board has concluded that Ms. Fitzgerald should serve as a director because of her extensive executive leadership experience and management skills. Ms. Fitzgerald s expertise provides an invaluable resource to the Board with respect to corporate and strategic planning and assessing and managing risks.

Joseph Trunfio has been a director and Audit Committee member since October 2001 and Nominating Committee member since May 2006. He has served as President and Chief Executive Officer of Atlantic Health System, a not-for-profit hospital group, since March 1999, where he is a member of the Board of Trustees. From July 1997 to February 1999, Mr. Trunfio served as President and Chief Executive Officer of Via Caritas Health System, a not-for-profit hospital group. Prior to his position with Via Caritas Health System, he served as President and Chief Executive Officer of SSM Healthcare Ministry Corp., a not-for-profit hospital group. Mr. Trunfio received his B.A. from St. John s University (N.Y.) and holds a Ph.D. in Clinical Psychology from the University of Miami.

The Board has concluded that Mr. Trunfio should serve as a director due to his extensive executive management and leadership experience. Mr. Trunfio brings to the Board a depth of understanding of our business and the various challenges we face in the current economic environment.

Pursuant to our Amended and Restated Stockholders Agreement dated August 23, 2001, CEP III had the right to designate two directors for nomination to our board of directors. This number (i) decreased to one director when CEP III reduced its ownership by more than 50% of its holdings prior to our initial public offering as a result of a secondary offering in November 2006 pursuant to which CEP III sold 4,000,000 shares of the Company s Common Stock and (ii) will decrease to zero upon a reduction of ownership by more than 90% of its holdings prior to our initial public offering. At this time, CEP III has the right to nominate one director to our board of directors, but both Messrs. Dircks and Cole serve on our Board of Directors and have been nominated by the Nominating Committee to stand for re-election.

Legal Proceedings

As previously disclosed in our filings with the Commission, certain of the director nominees named above, as well as certain of our former directors were named as defendants in certain litigation.

On or about August 9, 2004, August 19, 2004 and August 24, 2004 individual lawsuits were filed by City of Ann Arbor Employees Retirement System, Peter Cohen, Robert Husted and Marcella Husted, on behalf of themselves and all other persons who acquired the Company s Common Stock during the period October 25, 2001 through August 6, 2002, respectively. Each lawsuit was brought in the United States District Court Southern District of Florida and named the Company, Mr. Boshart and Mr. Hensel, both director nominees, as defendants. In the lawsuits, the plaintiffs alleged, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by, among other things, issuing public documents and statements that were materially false and misleading concerning the Company s business, operations and prospects, which artificially inflated the price of the Company s Common Stock. The plaintiffs sought, among other things, an order declaring the action to be a class action and declaring the plaintiffs to be a representative of the class as well as an award of damages in an amount to be determined. All three of these lawsuits were voluntarily dismissed without prejudice and the Company paid no consideration in connection therewith.

On September 7, 2004, each of William Marcus and David Steiner named the Company, certain of our former directors and Mr. Boshart, Mr. Hensel, Mr. Cash, Mr. Dircks and Mr. Trunfio, each a director nominee, as defendants in identical lawsuits in the United States District Court, Southern District of Florida. Plaintiffs alleged, among other things, that the defendants violated state laws, including breaches of fiduciary duties, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment from October 25, 2001 to August 6, 2002, which plaintiffs alleged resulted in substantial losses to the Company and other damages, such as to its reputation and goodwill. The plaintiffs sought, among other things, a judgment against all of the defendants in favor of the Company for monetary damages, equitable and/or injunctive relief, restitution, and the costs and disbursements of the action (including reasonable attorneys fees, accountants and experts fees, costs and expenses). Both of these lawsuits were voluntarily dismissed without prejudice and the Company paid no consideration in connection therewith.

Legal Proceedings naming Gale Fitzgerald as a defendant.

On January 13, 2010, Ronald K. Drucker named Ms. Fitzgerald, a director nominee and director of Heath Net, Inc. (Health Net) and certain other directors and executive officers of Health Net as defendants in a lawsuit filed in the Superior Court of the County of Los Angeles. Health Net was named as a nominal defendant in the suit. The plaintiff alleges Ms. Fitzgerald and the other defendants breached their fiduciary duties by knowingly causing Health Net to engage in the improper practice of postclaims underwriting resulting in a civil law enforcement action by the Los Angeles City Attorney for possible violations of Unfair Competition Law and False Advertising Law. Postclaims underwriting refers to the practice of rescinding, canceling or limiting health insurance coverage after the submission of a substantial claim for benefits, upon which the medical underwriting is performed. The plaintiff is seeking to remedy the defendants breaches of fiduciary duty. This lawsuit is currently ongoing.

On May 15, 2007, Minna Recht and Sam Weitschner named Ms. Fitzgerald, a director nominee and director of Diebold, Inc, (Diebold) and certain other directors and executive officers of Diebold, as defendants in a consolidated lawsuit filed in the United States District Court of Ohio. Diebold was named as a nominal defendant in the suit. The plaintiffs alleged, among other things, violations of state law including abuse of control, gross mismanagement, waste of corporate assets, unjust enrichment, negligence and breach of fiduciary duties on part of the defendants, from October 22, 2003 through the time of the filing of the action The plaintiffs sought to remedy the defendants alleged violations of state law. This lawsuit was voluntarily dismissed without prejudice.

On March 4, 2008, Albert Stein named Ms. Fitzgerald, a director nominee and director of Diebold, and certain other directors and executive officers as defendants in a lawsuit filed in the Common Pleas Court of Stark County, Ohio. Diebold was named as a nominal defendant in the suit. The plaintiffs alleged that the defendants breached their fiduciary duty for their rejection and failure to consider the buyout offer for Diebold by United Technologies Corp. at a significant premium and for defendants breach of fiduciary duties by entrenching themselves at Diebold. The plaintiff alleged these actions were substantially unfair and caused significant damage to Diebold s public shareholders. The plaintiff sought equitable relief only. This lawsuit was voluntarily dismissed without prejudice.

On April 6, 2007, Vincent McDermott, Walter C. Farrell, Liberto Forbes, and Brenda Barnett named Ms. Fitzgerald, a director nominee and director of Diebold, and certain other directors and executive officers of Diebold as defendants in a consolidated action filed in the United States District Court for the Northeastern District of Ohio Eastern Division. Diebold was named a nominal defendant in the suit. The plaintiffs alleged that the defendants breached their fiduciary duties in violation of the Employee Retirement Income Security Act (ERISA) with respect Diebold s 401(k) plan (the Diebold Plan). The plaintiffs alleged, among other things, that the defendants failed to prudently manage the Diebold Plan s assets by continuing to offer the Diebold Company Stock Fund (the Diebold Fund), that defendants failed to provide participants with complete and accurate information regarding Diebold stock such that the participants were apprised of the true risks of investing their retirement savings in the Diebold Fund, that defendants failed to properly monitor the performance of their fiduciary appointees and remove and replace those whose performance was inadequate and that the defendants breached their duty of loyalty by acting in furtherance of their personal interests as employees or executives of Diebold at the expense and best interest of the Diebold Plan. The plaintiffs are seeking equitable relief, including without limitation, injunctive relief and, as available under applicable law, constructive trust, restitution and other monetary relief. This case is currently ongoing and the parties are currently in settlement negotiations.

Affirmative Determinations Regarding Director Independence and Other Matters

The Board of Directors has determined each of the following directors and nominees to be an independent director under the Nasdaq Stock Market (Nasdaq) Marketplace Rule 4200(a) (15):

W. Larry Cash

C. Taylor Cole Jr.

Thomas C. Dircks

Gale Fitzgerald

Joseph Trunfio

The Board of Directors has also determined that each member of the Audit, Compensation and Nominating Committees meets the applicable independence requirements set forth by Nasdaq, the Securities and Exchange Commission (the Commission) and the Internal Revenue Service. The Board of Directors has further determined that W. Larry Cash, a member and Chairman of the Audit Committee, is an audit committee financial expert as defined in the rules promulgated by the Commission.

Board Committees and Meetings

Meetings of the Board of Directors. During the year ended December 31, 2009, there were five meetings of the Board of Directors. Each director who served in such capacity during the year ended December 31, 2009 attended 100% of the aggregate number of meetings of the Board of Directors and of the committee or committees thereof on which he or she served, except Mr. Cole who was present at all but one meeting. All of the directors nominated for election to the Board were members of the Board for the entire 2009 year. It is the practice of the Board of Directors to have the independent directors meet in an executive session at each meeting of the Board. It is also our practice that all directors should attend the Annual Meeting of Stockholders. All of the directors attended the 2009 Annual Meeting.

Board Leadership Structure and Role in Risk Oversight

Our Company is led by Mr. Joseph Boshart, who has served as our President and Chief Executive Officer since July 1999, and formerly served in such capacities at our predecessor since 1994. Our Board of Directors is comprised of Mr. Boshart, Mr. Emil Hensel, our Chief Financial Officer, and five independent directors. Each of our Audit, Compensation and Nominating Committees are comprised entirely of independent directors. In accordance with our by-laws, our Board of Directors has authority to, among other things, appoint a Chief Executive Officer and a Chairman, and each of these positions may be held by the same person. Currently, we do not have a Chairman of the Board of Directors nor do we have a lead director. Our Chief Executive Officer is also President of the Company and pursuant to our by-laws, has authority to act as Chairman in the absence of a Chairman of the Board.

Our Audit Committee has the responsibility to, among other things, review with management, the Company s policies regarding major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee also reviews with management, the policies governing the process by which risk assessment and risk management are undertaken. In addition to our Audit Committee, the other committees of the Board consider the risks within their areas of responsibility. For example, the Compensation Committee assesses risk that could result from the structure and design of our executive compensation programs, our incentive compensation plans, director compensation, perquisites, and compliance with the Sarbanes-Oxley Act of 2002 regarding prohibitions on loans to executive officers and directors. The Nominating committee evaluates risks with respect to the background and suitability of director nominees. Additionally, the Board of Directors continually evaluates the Company s risks related to liquidity, operations, credit, regulatory compliance and fiduciary risks, and the processes in place to monitor and control such exposures. The Board s believes its oversight role provides our stockholders with a clear understanding of how management and Board of Directors interface to ensure the ongoing assessment of the various risks facing the Company.

The Board of Directors has determined that our current board leadership structure is appropriate and helps to ensure proper risk oversight for the Company for a number of reasons, the most significant of which are as follows:

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our Chief Executive Officer is the individual selected by the board of directors to manage the Company on a day-to-day basis and his direct involvement in the Company's operations makes him best positioned to consult with the Company's Board to create appropriate agendas for Board meetings and determine the time allocated to each agenda item in discussions of the Company's short and long term objectives, as well as lead productive strategic planning sessions with the Board;

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our Board structure provides strong oversight by independent directors;

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our Board has extensive management experience in the healthcare industry; and

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the continuity and tenure of our Board provide a valuable source of institutional knowledge regarding the evaluation and current makeup of the Company.

Committees of the Board of Directors. The three standing committees of the Board are the Audit, Compensation and Nominating Committees. Members of each committee, who are elected by the full Board, are named below.

Audit Committee

The Audit Committee consists of Messrs. Cash and Trunfio and Ms. Fitzgerald. Messrs. Cash and Trunfio both joined the Audit Committee upon their appointment to the Board in October 2001; Ms. Fitzgerald joined the Audit Committee upon her appointment to the Board in May 2007. Mr. Cash is the Chairman of the Audit Committee. Messrs. Cash and Trunfio and Ms. Fitzgerald are independent directors under the Commission s rules and Nasdaq s Marketplace rules for Audit Committees. The Audit Committee has adopted a written charter, which is available on our website at www.crosscountryhealthcare.com under Investor Relations . The Audit Committee is the principal agent of the Board of Directors in overseeing (i) the quality and integrity of the Company s financial statements, (ii) legal and regulatory compliance, (iii) the independence, qualifications, and performance of the Company s independent registered public accounting firm, (iv) the performance of the Company s internal auditors, and (v) the integrity of management and the quality and adequacy of disclosures to stockholders. The Committee also:

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is solely responsible for hiring and terminating our independent registered public accounting firm and pre-approving all auditing, as well as any audit-related, tax advisory and any other non-auditing services, to be performed by the independent registered public accounting firm;

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reviews and discusses with the Company's independent registered public accounting firm their quality control procedures and our critical accounting policies and practices;

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regularly reviews the scope and results of audits performed by our independent registered public accounting firm and internal auditors;

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meets with management to review the adequacy of our internal control framework and its financial, accounting, and reporting and disclosure control processes;

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reviews our periodic filings and quarterly earnings releases;

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reviews and discusses with our chief executive and financial officers the procedures they follow to complete their certifications in connection with the Company's periodic filings with the Commission; and

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discusses management's plans with respect to our major financial risk exposures.

During the year ended December 31, 2009, there were six meetings of the Audit Committee. The Audit Committee regularly meets with the Company's independent registered public accounting firm separate from management and regularly holds executive sessions.

The Board has determined that each member of the Audit Committee is able to read and understand fundamental financial statements, including our balance sheet, income statement and cash flow statement, as required by Nasdaq rules. In addition to determining that Mr. Cash is an audit committee financial expert under the Commission s rules, the Board has determined that Mr. Cash satisfies the Nasdaq rule requiring that at least one member of the Audit Committee have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the member s financial sophistication, including being, or having been, a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Compensation Committee

The Compensation Committee oversees the compensation of our executives, our executive management structure, the compensation related policies and programs involving the Company s executive management and the level of benefits of officers and key employees. The members of the Compensation Committee are Thomas C. Dircks and W. Larry Cash who are both independent directors under Nasdaq Marketplace Rule 4200(a)(15). Mr. Dircks is the Chairman of the Compensation Committee. During the year ended December 31, 2009, there were three meetings of the Compensation Committee. The Compensation Committee has adopted a written charter, which is available on our website at www.crosscountryhealthcare.com under Investor Relations .

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of the Company s Chief Executive Officer. Compensation Committee meetings are regularly attended by the CEO of the Company, except for portions of the meetings with respect to voting or deliberation. The Compensation Committee s Chairman reports the Committee s recommendations on the executive compensation to the Board of Directors.

The Compensation Committee has the authority under its charter to retain, approve fees for and terminate advisors, consultants and agents as it deems necessary to assist in the fulfillment of its responsibilities.

Nominating Committee

The Nominating Committee consists of Mr. Thomas C. Dircks and Mr. Joseph Trunfio. The Nominating Committee has a written charter, which is available on our website at www.crosscountryhealthcare.com under Investor Relations". Both Mr. Dircks and Mr. Trunfio are independent directors under Nasdaq Marketplace Rule 4200(a)(15). Mr. Dircks is the Chairman of the Nominating Committee. The duties of the Nominating Committee are summarized as follows:

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identifying individuals qualified to become Board members;

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evaluating and recommending for the Board's selection nominees to fill positions on the Board; and

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overseeing the evaluation of the Board and management.

The Board's current policy with regard to the consideration of director candidates recommended by stockholders is that the Nominating Committee will review and consider any director candidates who have been recommended by stockholders in compliance with the procedures established from time to time by the Board (the current procedures are described below), and conduct inquiries as it deems appropriate. The Nominating Committee will consider for nomination any such proposed director candidate who is deemed qualified by the Nominating Committee in light of the minimum qualifications and other criteria for Board membership approved by the Board from time to time.

In considering director nominees, the Nominating Committee will consider the following:

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the needs of the Company with respect to particular areas of specialized knowledge;

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the relevant business experience of the nominee including any experience in healthcare, business, finance, accounting, administration or public service;

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the personal and professional integrity of the nominee;

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the nominee’s ability to commit the resources necessary to be an effective director of a public company, including the nominee’s ability to attend meetings; and

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the overall balance of the Board.

Other than the foregoing, there are no stated minimum criteria for nominees, although the Nominating Committee may also consider other facts as it may deem are in the best interests of the Company and its stockholders.

All stockholder recommendations for director candidates must be submitted to the Company s legal department at 6551 Park of Commerce Blvd., Boca Raton, Florida, 33487, who will forward all recommendations to the Nominating Committee. All stockholder recommendations for director candidates must be submitted to the Company not less than 120 calendar days prior to the first anniversary of the date of the Company’s proxy statement released to stockholders in connection with the previous year’s Annual Meeting.

All stockholder recommendations for director candidates must include the following information:

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The name and address of record of the stockholder;

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A representation that the stockholder is a record holder of the Company’s securities, or if the stockholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Exchange Act;

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The name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding 5 full fiscal years of the proposed director candidate;

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A description of the qualifications and background of the proposed director candidate that addresses the minimum qualifications and other criteria for Board membership approved by the Board from time to time;

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A description of all arrangements or understandings between any stockholder and the proposed director candidate;

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The consent of the proposed director candidate (i) to be named in the proxy statement relating to the Corporation's Annual Meeting of stockholders, and (ii) to serve as a director if elected at such Annual Meeting; and

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Any other information regarding the proposed director candidate that is required to be included in a proxy statement filed pursuant to the rules of the Commission.

There have been no changes to the procedures by which stockholders may recommend nominees to our Board of Directors since our last disclosure of such procedures, which appeared in the definitive proxy statement for our 2009 Annual Meeting of Stockholders.

Except where the Company is legally required by contract or otherwise to provide third parties with the ability to nominate directors, the Nominating Committee is responsible for identifying and evaluating individuals qualified to become Board members, including nominees recommended by stockholders, and recommending to the Board the persons to be nominated by the Board for election as directors at the Annual Meeting of stockholders and the persons to be elected by the Board to fill any vacancies on the Board. Director nominees are selected by the Nominating Committee in accordance with the policies and principles in its charter and the criteria set forth above. There are no differences in the manner in which the Nominating Committee evaluates director nominees recommended by stockholders. The Nominating Committee has the authority to retain a search firm to identify or evaluate or assist in identifying and evaluating potential nominees.

During the year 2009, there was one meeting of the Nominating Committee.

COMPENSATION COMMITTEE INTERLOCKS AND

INSIDER PARTICIPATION

The Board of Directors has established a Compensation Committee. Mr. Cash and Mr. Dircks were the members of the Compensation Committee for all of 2009. During the year ended December 31, 2009:

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none of the members of the Compensation Committee was an officer (or former officer) or employee of the Company or any of its subsidiaries;

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none of the members of the Compensation Committee had a direct or indirect material interest in any transaction in which the Company was a participant and the amount involved exceeded $120,000, except that W. Larry Cash, is the Executive Vice President and Chief Financial Officer of Community Health Systems and during our fiscal year ended December 31, 2009, we provided healthcare staffing services to Community Health Systems resulting in revenues to us of $650,721;

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none of the Company s executive officers served on the Compensation Committee (or another Board committee with similar functions or, if there was no such committee, the entire Board of Directors) of another entity where one of that entity s executive officers served on the Company s Compensation Committee;

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none of the Company’s executive officers was a director of another entity where one of that entity’s executive officers served on the Company’s Compensation Committee; and

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none of the Company’s executive officers served on the Compensation Committee (or another Board committee with similar functions or, if there was no such committee, the entire Board of Directors) of another entity where one of that entity s executive officers served as a director on the Company s Board.

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers other than Messrs. Boshart and Hensel whose information is provided as part of Proposal I:

Name	Age	Position
Vickie Anenberg (1)	45	Executive Vice President, Cross Country Staffing
Susan E. Ball, RN	46	General Counsel and Secretary
James Ginter	61	President, Medical Doctor Associates
Gregory Greene (1)	50	President, Cross County Education
Victor Kalafa	56	Vice President, Corporate Development and Strategy
Daniel J. Lewis	53	Chief Accounting Officer
Lori Schutte (1)	48	President, Cejka Search
Dr. Franklin A. Shaffer, RN, FAAN (1)	67	Chief Nursing Officer
Anthony Sims	50	President, Clinical Trials Services
Jonathan W. Ward	44	President, Cross Country Staffing

(1)

No longer executive officer as of September 14, 2009.

Vickie Anenberg has served as Executive Vice President, Cross Country Staffing since January 2006 and formerly as President of Cross Country Staffing since August 2002 and President of the Travel Staffing Division from February 2000 to August 2002. Prior to that, Ms. Anenberg served as Vice President of the Nursing Division for our predecessor, since 1995. Prior to joining Cross Country Staffing in 1990, she worked for Proctor & Gamble since 1986.

Susan E. Ball, RN has served as General Counsel since May 2004 and Secretary since March 2010. Prior to that, Ms. Ball served as Corporate Counsel for the Company from March 2002 to May 2004. Ms. Ball has also served as a Director of Jamestown Indemnity, Ltd. since September 2008. Before joining the Company, Ms. Ball practiced law at Gunster, Yoakley & Stewart, P.A., a South Florida law firm, from November 1998 to March 2002 and at Skadden, Arps, Slate, Meagher and Flom in New York from 1996 to November 1998. Prior to practicing law, Ms. Ball was a registered nurse. Ms. Ball received her B.S. degree in Nursing from The Ohio State University in 1986 and her Juris Doctor degree from New York Law School in 1994.

James Ginter joined Medical Doctor Associates shortly after it was founded in 1987 and has served as President since 1993. Mr. Ginter holds a B.S. Degree in Education from Bowling Green State University.

Gregory Greene became President of Cross Country Education in February 2005. Prior to that, Mr. Greene served at Cross Country Education as a Chief Operating Officer since January 2004 and Controller since August 2002. Before joining Cross Country Education, Mr. Greene was the Controller of ING Financial Services. Mr. Greene holds a B.S. degree in Business Administration and an M.B.A. from Belmont University, Nashville, Tennessee.

Victor Kalafa has served as Vice President of Corporate Development and Strategy since November 2002 and Vice President of Corporate Development since April 2001 and as an executive officer since February 2002. Mr. Kalafa has also served as President of MedStaff, Inc. since October 2003. Mr. Kalafa holds a B.A. degree in History from Lafayette College and an M.B.A. from Columbia University.

Daniel J. Lewis has served as Chief Accounting Officer and as an executive officer since August 2002. Prior to that Mr. Lewis was Corporate Controller of the Company. Mr. Lewis also served as Controller of our predecessor since 1992. Mr. Lewis is a C.P.A. and holds a B.B.A. in Accounting from the University of Texas at Austin.

Lori Schutte has served as President of Cejka Search since April 1, 2009 and formerly as of Vice President of Client Services at Cejka Search from January 1, 2005 to March 31, 2009. Prior to that, Ms. Schutte was Director Client Services for Cejka Search from April 5, 2004 to December 31, 2004. Before joining Cejka Search, Ms. Schutte was the Vice President of Mid-America Transplant Services in St. Louis, Missouri. Ms. Schutte received a B.S. degree from Saint Louis University and an M.B.A from the John M. Olin School of Business at Washington University.

Dr. Franklin A. Shaffer, RN, FAAN has served as Chief Nursing Officer since November 2004 and as President of the Education and Training Division from March 2001 to December 2004. He also served as Vice President in our Education Division since February 1996. Dr. Shaffer has also served as the chief nurse executive in several hospitals and medical centers as well as a nurse in the Army Nurse Corps. In addition, he has been an adjunct faculty in graduate nursing programs at Teachers College, Columbia University, Adelphi University and Hunter College. Dr. Shaffer holds a Doctorate of Education in Nursing Administration and a Masters of Education and a Masters of Arts from Teachers College, Columbia University. He is a fellow of the American Academy of Nursing and in 2006, he received the distinguished R. Louise McManus Medal for his leadership and contributions to the nursing profession.

Anthony Sims has served as President of Clinical Trials Services since January 2001, as Executive Vice President of Operations for ClinForce from March 1998 to December 2000 and as Managing Director of ClinForce from August 1997 to March 1998. Before joining ClinForce, Mr. Sims served in various roles, including National Account Executive and Business Development Manager, with the healthcare staffing and support groups at On Assignment from 1991 to August 1996 and as Branch Manager at Kelly Scientific Resources from August 1996 to August 1997. Mr. Sims holds a B.S. in Chemistry from Piedmont College.

Jonathan W. Ward has served as President, Cross Country Staffing since January 2006, and formerly as Executive Vice President, Cross Country Staffing from August 2002 to December 2005, and Chief Marketing and Strategy Officer from 1999 to August 2002. Mr. Ward has been an executive officer since February 2002. He served as Vice President of Marketing at our predecessor since 1995 and Director of Marketing and Business Development since 1993. Mr. Ward holds a B.A. in Political Science from Drew University and an M.B.A. from Rutgers University Graduate School of Management.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Program Design and Oversight

The Company s Compensation Committee provides oversight of the Company s executive compensation programs. The various programs and plans covering executive officers are reviewed and administered by the Company. These compensation plans consist of an annual base salary, cash incentives, equity incentives, severance arrangements and benefits plans. A detailed discussion of the Committee s structure, roles and responsibilities and related matters can be found under the heading Compensation Committee above and in the Compensation Committee s Charter on our website at www.crosscountryhealthcare.com under Investor Relations .

The Company believes that the compensation of its executives should reflect their success as managers in attaining key operating objectives, such as growth of operating earnings, earnings per diluted share (EPS), growth or maintenance of market share and long-term competitive advantage, and ultimately, in attaining an increased market price for the Company s stock. The performance of the executives in managing our company, considered in light of general economic and specific company, industry and competitive conditions, is the basis for determining their overall compensation. It is the Committee s intention to set total executive compensation sufficiently high to attract and retain a strong, motivated leadership team. The annual incentives are included in the compensation plan to align the financial incentives with the interests of our shareholders.

Philosophy and Executive Compensation Principles

With its diverse operations, the Company must attract and retain executive talent that has the competencies and skills to operate successfully on a multitude of levels. The compensation program is designed to incentivize executives to achieve the Company s overall strategic and financial objectives by rewarding executives who meet certain targets and demonstrate their ability to lead through operational excellence. The Compensation Committee believes that these attributes lead to long-term shareholder value creation. The Compensation Committee s executive compensation principles are to:

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Provide competitive compensation programs to attract, recruit and retain executive talent with high ethical standards and the capability to lead;

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Use variable pay to reward executives for results that drive the Company’s business strategy;

- Use equity-based incentive plans to tie a portion of compensation to the Company’s long-term results and align the executives’ financial interests with those of the shareholders;

- Ensure that compensation in the aggregate is commensurate with the Company’s results;

- Provide a tool for focusing and directing the energies of key executives toward achieving individual and corporate objectives;

- Ensure that the total executive compensation program is affordable, including its impact on earnings; and

- Be transparent so that both executives and shareholders understand the executive compensation program and the objectives it seeks to achieve.

These principles are implemented using various elements that offer the flexibility to adapt the compensation program from time to time to respond to changing needs of the business. For 2009, the Committee used the following elements, the specific rationale and design of which are outlined in more detail below.

- Base salary

- Cash incentives

- Stock options

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Stock appreciation rights

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Shares of restricted stock

NEOs also participated in the Company’s employee benefit plans. To the extent an NEO is covered by such benefits, they are disclosed in the compensation tables that follow this discussion.

Compensation Policies

Market positioning. Historically, the Company s policy has been to pay base salaries that are below the median of its peer group but to offset this with performance-based annual bonuses that are above the median of its peer group. This structure reflects the Company s policy that a significant portion of annual compensation should have a direct correlation to the financial performance of the Company. As a result, compensation plans are designed so that total remuneration will be below the median when results are below target. As a result of this policy and the current unfavorable business conditions, the Company believes that its compensation programs are generally below the median of its peer group. The Company s plan is to migrate the variable component of each NEO s compensation plan toward the 75th percentile so that the total cash compensation moves to the 50th percentile. In determining competitive compensation levels for the NEOs, the Compensation Committee takes into account external market practices by reviewing data from publicly-traded companies. The industry competitors with publicly-available data are: Amedisys, Inc., AMN Healthcare Services, Inc., Gentiva Health Services, Inc., Healthways, Inc., Kforce, Inc., Medical Staffing Network Holdings, Inc., MPS Group, Inc. and On Assignment, Inc. (Peer Group). The Compensation Committee assesses the data by looking for positions with comparable complexity and scope of responsibility to the positions at the Company.

Peer groups. All eight peers have involvement in healthcare staffing and/or healthcare services. The Peer Group expands beyond direct industry competitors to provide a meaningful sample size. Our Peer Group ranges in size from $417 million to $2.2 billion in revenue. Accordingly, the Compensation Committee believes that the NEO jobs at industry competitors are generally comparable in scope and complexity to the NEO jobs at the Company. Therefore, the Compensation Committee looks at the practices of its industry competitors and finds their compensation levels to be indicators of the competitive market for the Company s executives.

Other factors influencing compensation. When making compensation decisions, the Compensation Committee takes many other factors into account, including the economy, the individual s performance (particularly over the past year), expected future contributions to the Company s success, the financial and operational results of individual business units, the financial and operational results of the Company as a whole, the individual s historical compensation, any retention concerns and the CEO s recommendations in the cases of NEOs other than the CEO. In looking at historical compensation, the Compensation Committee looks at the progression of salary increases over time, an NEO s ability to meet targets in prior years, the unvested and vested value inherent in equity awards to be granted to complete the total compensation program for an NEO for a particular year, economic outlook and the Company s stock performance. Historically, the Compensation Committee has disregarded whether the executive has exercised options or sold shares so that these personal investment decisions do not skew the Committee s understanding of the aggregate reward opportunity that has been provided. The Compensation Committee uses the same general factors in evaluating the CEO s performance and compensation as it uses for the other NEOs. However, in 2009 the Compensation Committee took into account options granted to Messrs. Boshart, Hensel and Ward and Ms. Anenberg as incentives in December 1999 which were not exercised prior to the termination of those options in December 2009.

Process. The CEO provides the Compensation Committee with his assessment of the performance of the CFO and his perspective on the factors described above in developing his recommendation for the CFO s compensation, including salary adjustments, cash incentives and equity grant guidelines. Historically, the Compensation Committee has not generally reviewed the compensation of the NEOs on a yearly basis (other than the CEO and CFO) unless the scope of responsibility changes or performance dictates an interim adjustment. The CEO has typically determined the salary of all NEOs other than himself and the CFO and the CEO has recommended an annual incentive plan for the other NEOs to the Compensation Committee for its approval. Upon receipt of this information, the Compensation Committee has discussed proposed compensation plans for the CEO and CFO in detail, including how the recommendations compare against the external market data and how the compensation levels of the CEO and CFO compare to each other.

As discussed under Employment Agreements, the Company is a party to employment agreements with Mr. Boshart and Mr. Hensel. The salary and bonus given to Mr. Boshart are based on the Compensation Committee s review of the compensation paid to chief executive officers of comparable healthcare staffing companies, assessment of the Company s revenue and earnings growth, the success of the Company s acquisition program as well as the Compensation Committee s continued evaluation of Mr. Boshart s leadership of the Company.

Pay Mix. The Compensation Committee adjusts the cash incentive portion of the NEOs compensation consistent with its philosophy to incentivize and reward executives to reach certain financial and strategic objectives and reward them based upon their performance.

Forms of Long-Term Incentive Compensation. At the end of December 2009, the Company s long-term incentives consisted of stock options, stock appreciation rights and shares of restricted stock. The Compensation Committee believes that these equity grants incentivize executives to reach long-term goals through share price appreciation. The Compensation Committee may and has used restricted stock and/or stock appreciation rights on a selective basis.

Components of the Executive Compensation Program

The Compensation Committee uses various compensation elements to provide an overall competitive total compensation and benefits package that is tied to creating shareholder value, is commensurate with the Company s results and aligns with the business strategy. The Compensation Committee reviews a tally sheet of all compensation and benefits provided to the NEOs in connection with its compensation decisions. The specific rationale, design, reward process and relating information are outlined below.

Base Salary

The Company provides NEO s and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for NEOs are determined on the basis of each executive s position, performance and level of responsibility by using competitive market data. Salary levels are typically considered annually as part of the Company s performance review process, as well as upon a promotion or other change in job responsibility. Generally, base salary is benchmarked to the 25th percentile of the relevant competitive market for that position or peer group, but each NEO may have a base salary above or below that level depending on the NEO s responsibilities. The Company s philosophy is that base salaries should meet the objective of attracting and retaining the executive talent, as well as compensating the executive for day to day efforts. Base salary adjustments can affect the value of other compensation and benefit elements. A higher base salary will result in a higher annual incentive, assuming the same level of achievement against goals. The value of long-term incentive granted from time to time is not determined as a multiple of base salary, and therefore, an increase in base salary does not automatically result in an increase in long-term incentive award levels.

Annual Incentive Program

The annual incentive program is a core component of the Company s pay for results philosophy. The program is heavily weighted to financial results of the Company or relevant business units and the goals are closely linked to business strategy. The components of this program have historically included the incentive and reward opportunity (expressed as a percentage of base salary) and the performance measures (such as contribution income, revenue, EBITDA or EPS). To ensure the integrity of the goals and minimize the risk of unanticipated outcomes, each goal has a performance range built around it with a commensurate increase or decrease in the associated award opportunity.

Incentives and Award Opportunities . Each NEO has had a target annual incentive award opportunity, payable in cash and expressed as a percentage of salary, based on the achievement of certain financial objectives (the Objective Bonus component). In addition, each NEO may be eligible for a bonus based on subjective considerations including relative performance (the Subjective Bonus component). The Subjective Bonus opportunity is capped at a maximum amount, expressed as a percentage of base salary, which varies for each NEO. If results fall below pre-established threshold levels, no cash award is payable under the Objective Bonus component, although a subjective bonus may still be paid at the discretion of the Compensation Committee. If results exceed pre-established outstanding goals, the cash award payable under the Objective Bonus component is capped at the maximum award opportunity. The Compensation Committee believes that having a maximum cap serves to promote good judgment by the NEOs, reduce the likelihood of windfalls and it makes the maximum cost of the plan predictable. The award opportunity is established for each executive based on market practice, the desired emphasis on pay at risk (more pay at risk for more senior executives) and internal equity (comparably positioned executives should have comparable award opportunities).

Annual Incentives for CEO and CFO. In 2009, the cash incentive plans for Joseph A. Boshart, our CEO, and Emil Hensel, our CFO, were based upon objective criteria using EBITDA and EPS targets established by the Compensation Committee for the first half of 2009 and the remaining portion of Mr. Boshart s and Mr. Hensel s cash incentive plans for 2009 were subjective.

For 2009, the objective portion of their incentive plans had a target cash bonus that was 70% of base salary tied to the achievement of meeting certain EBITDA and EPS targets, with a lower payout if the target was not achieved but exceeded a minimum threshold and a higher payout if it exceeded the target. 60% of the Objective Bonus opportunity was weighted toward the EBITDA target and 40% was weighted toward achieving the EPS target of the plan. A range of results was established for each of these goals, from a threshold to a maximum cash award. For example, in 2009, Mr. Boshart was entitled to receive a range of 12%-75% of his base salary based on the EBITDA component and 8%-50% of his base salary based on the EPS component. In 2009, Mr. Hensel was entitled to receive a range of 12%-69% of his base salary based on the EBITDA component and 8%-46% based on the EPS component. In light of the volatile marketplace, the Compensation Committee approved a plan for the first half of 2009, based on half year results and a 50% salary proration, and reserved the right to put in place a modified plan for the second half of the year. The plan for the first half of 2009 had lower minimum threshold for bonus eligibility (expressed as a percentage of the 2009 budget) compared to prior years in order to align the financial incentives with the interests of the Company s shareholders to avoid creating a disincentive for the CEO and CFO.

Neither Mr. Boshart nor Mr. Hensel achieved the minimum thresholds for objective bonuses for the first half of 2009. Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the EBITDA and EPS targets for the full year and instead suspended both the objective portion of Mr. Boshart s and Mr. Hensel s incentive plans, as well as the subjective portion of their plans. Thus, neither Mr. Boshart nor Mr. Hensel earned or received any cash incentive for 2009. Had any incentive bonuses been earned, they would have been paid in February 2010.

Joseph A. Boshart, President and Chief Executive Officer

EBITDA Target (Q1 and Q2 2009) ($000s)	**% of EBITDA Target**	**Objective Bonus Based on EBITDA (Q1 and Q2 2009)**	**EPS Target (Q1 and Q2 2009)**	**Objective Bonus Based on EPS (Q1 and Q2 2009)**	**Maximum Subjective Bonus (Q1 and Q2 2009)**	**Total Eligible Bonus (Q1 and Q2 2009)**
$20,180	80%	$ 30,492	$0.230	$ 20,328	$76,230	$127,050
$25,225	100%	$106,722	$0.288	$ 71,148	$76,230	$254,100
$30,270	120%	$190,575	$0.346	$127,050	$76,230	$393,855

Emil Hensel, Chief Financial Officer

EBITDA Target (Q1 and Q2 2009) ($000s)	**% of EBITDA Target**	**Bonus Amount (Q1 and Q2 2009)**	**EPS Target (Q1 and Q2 2009)**	**EPS Bonus Amount (Q1 and Q2 2009)**	**Maximum Subjective Bonus (Q1 and Q2 2009)**	**Total Eligible Bonus (Q1 and Q2 2009)**
$20,180	80%	$ 20,837	$0.230	$13,892	$52,093	$ 86,822
$25,225	100%	$ 72,930	$0.288	$48,620	$52,093	$173,643
$30,270	120%	$119,814	$0.346	$79,876	$52,093	$251,783

The amount of bonuses earned falling between the targets shown above is determined by linear interpolation.

Historically, the Compensation Committee established these EBITDA and EPS targets and the weighting of each goal during the Company s first Compensation Committee meeting each year. The process for setting the goals began with the management team establishing preliminary goals based on prior year s results, strategic initiatives, industry performance and projected economic conditions in the United States. The Compensation Committee assessed the difficulty of the goals and their implications for share price appreciation, revenue growth and other related factors. The iterative process resulted in final goals presented by management to the Compensation Committee at its March meeting.

The subjective portion of the Annual Incentive Plan for the CEO and CFO had a target cash bonus of up to 30% of the annual base salary prorated for the first two quarters of 2009. The use of subjective criteria requires the Compensation Committee to weigh a multitude of subjective factors relative to specific responsibilities of the NEOs. This process allows the Compensation Committee to evaluate the performance of these NEOs and to recognize their contributions in light of the changing needs of the Company as the national s economy and the healthcare staffing industry evolve. In light of economic conditions and not as a result of the performance of the NEOs, the Compensation Committee elected not to award any subjective cash bonus to the CEO and CFO for the first two quarters of 2009 and suspended this component of their cash incentive plan for the remainder of 2009.

Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the EBITDA and EPS targets for the full year and instead suspended both the objective portion of Mr. Boshart s and Mr. Hensel s incentive plans, as well as the subjective portion of their plans. Thus, neither Mr. Boshart nor Mr. Hensel earned or received any cash incentive for 2009. Excluding the subjective portion, the CEO s and CFO s payout percentage over the past three years has been approximately 16% of their respective base salaries with an Objective Bonus earned in only one of the past three years (in 2008). In light of the economic conditions in 2009, both Messrs Boshart and Hensel declined their annual Objective Bonus component earned in 2008. There have been no subjective bonuses paid to either the CEO or CFO in the past three years. Generally, the Compensation Committee had set the minimum, target and maximum levels such that the relative difficulty of achieving the target level was consistent from year to year.

Annual Incentives for the President of Cross Country Staffing, Executive Vice President of Cross Country Staffing, the Vice President, Corporate Development and Strategy and the General Counsel. The annual incentive goals for the President and Executive Vice President of Cross Country Staffing, are based solely on the financial results of their business unit, which operational objectives and targets are recommended to the Compensation Committee by the CEO each year for approval at the February meeting. The annual incentive goals for the Vice President, Corporate Development and Strategy and the General Counsel are based on EBITDA and EPS targets of the Company.

Jonathan Ward, President of Cross Country Staffing

In 2009, Mr. Ward, the President of Cross Country Staffing, was entitled to receive a range of 7.5% - 105.0% of his annual base salary if certain contribution income targets were met by his business unit and gross profit growth targets relative to a certain competitor were achieved by his business unit. In light of the volatile marketplace, the Compensation Committee approved a plan for the first half of 2009, based on half year results and a 50% salary proration, and reserved the right to put in place a modified plan for the second half of the year. Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the targets for the full year and instead suspended the annual bonus plan for the second half of 2009.

As shown in the table below, Mr. Ward had a target cash bonus of 50% of his base salary tied to the achievement of meeting 100% of the 2009 budgeted adjusted contribution income for Cross Country Staffing, with lower amounts payable provided a minimum threshold of 90% of the budget was achieved and higher amounts payable if the budget was exceeded, subject to a cap equal to 150% of the target bonus at 110% of budget. Additionally, based on gross profit growth relative to a competitor, Mr. Ward was eligible to receive an additional bonus amount equal to a multiplier of the applicable bonus if Cross Country Staffing met the adjusted contribution income targets listed below. Mr. Ward was eligible to receive a maximum bonus of $152,880 (75% of his annual base salary target multiplied by 1.4 and prorated for a half a year). Cross Country Staffing did not achieve the minimum threshold for the adjusted contribution income target and, as a result, Mr. Ward did not receive any bonus in 2009.

Adjusted Contribution Income (Q1 & Q2 2009)	% of Budget	% of Base Salary	Adjusted Contribution Income Eligible Bonus	Competitive Multiplier(a)	Total Eligible Bonus (depending on Competitive Multiplier)
$14,380	90%	12.5%	$ 18,200	0.60 to 1.40	$10,920 to $ 25,480
$15,977	100%	50.0%	$ 72,800	0.60 to 1.40	$43,680 to $101,920
$17,575	110%	75.0%	$109,200	0.60 to 1.40	$65,520 to $152,880

(a)

The competitive multiplier was based on the gross profit differential between Cross Country Staffing vs. Competitor, as defined by the Plan. If the differential was less than or equal to negative 10% points, than the multiplier would be 0.60. If the differential was zero, than the multiplier would be 1.00. If the differential was greater than or equal to 10% points, than the multiplier would be 1.40. The multiplier applicable between these breakpoints would have been determined by linear interpolation.

Vickie L. Anenberg, Executive Vice President, Cross Country Staffing

Ms. Anenberg s annual incentive program for 2009 was substantially similar to Mr. Ward s program outlined above. She was entitled to receive a range of 7.5% - 105.0% of her annual base salary if certain contribution income targets were met by her business unit and relative gross profit growth targets were achieved by Cross Country Staffing. In light of the volatile marketplace, the Compensation Committee approved a plan for the first half of 2009, based on half year results and a 50% salary proration, and reserved the right to put in place a modified plan for the second half of the year. Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the targets for the full year and instead suspended the annual bonus plan for the second half of 2009.

As shown in the table below, Ms. Anenberg had a target cash bonus of 50% of her base salary tied to the achievement of meeting 100% of the 2009 budgeted adjusted contribution income for Cross Country Staffing, with lower amounts payable provided a minimum threshold of 90% of the budget was achieved and higher amounts payable if the budget was exceeded, subject to a cap equal to 150% of the target bonus at 110% of budget. Like Mr. Ward, Ms. Anenberg was eligible to receive an additional bonus amount equal to a Competitive Multiplier of the applicable bonus, if Cross Country Staffing met the adjusted contribution income targets listed below. Ms. Anenberg was eligible to receive a maximum bonus of $120,393. Cross Country Staffing did not achieve the targeted adjusted contribution income target and, as a result, Ms. Anenberg was not entitled to receive any bonus in 2009.

Adjusted Contribution Income (Q1 & Q2 2009)	**% of Budget**	**% of Base Salary**	**Adjusted Contribution Income Eligible Bonus**	**Competitive Multiplier (a)**	**Total Eligible Bonus (depending on Competitive Multiplier)**
$14,380	90%	12.5%	$14,333	0.60 to 1.40	$ 8,600 to $ 20,066
$15,977	100%	50.0%	$57,330	0.60 to 1.40	$34,398 to $ 80,262
$17,575	110%	75.0%	$85,995	0.60 to 1.40	$51,597 to $120,393

(a)

The competitive multiplier was based on the gross profit differential between Cross Country Staffing vs. Competitor, as defined by the Plan. If the differential was less than or equal to negative 10% points, than the multiplier would be 0.60. If the differential was zero, than the multiplier would be 1.00. If the differential was greater than or equal to 10% points, than the multiplier would be 1.40. The multiplier applicable between these breakpoints would have been determined by linear interpolation.

Victor Kalafa, Vice President Corporate Development and Strategy

Like the cash incentive plans for the Company s CEO and CFO, Mr. Kalafa s cash incentive plan was based upon objective criteria using EBITDA and EPS targets established by the Compensation Committee for the first half of 2009. The remaining portion of his cash incentive plans for 2009 was subjective, which subjective bonus could not exceed 15% of his base salary.

For the first half of 2009, the objective portion of his incentive plan had a target cash bonus equal to 35% of his annual base salary, prorated,and tied to the achievement of meeting certain EBITDA and EPS targets. 60% of the objective bonus opportunity was weighted toward the EBITDA component of the plan and 40% was weighted toward achieving the EPS component of the plan. A range of results was established for each of these goals, from a threshold to a maximum cash award. In 2009, Mr. Kalafa was entitled to receive a range of 5.25% - 31.5% of his base salary based on the EBITDA component and 3.5% - 21.0% of his base salary based on the EPS component. Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the EBITDA and EPS targets for the full year and instead suspended the objective portion of Mr. Kalafa s incentive plan, as well as the subjective portion of his plan. Therefore, no cash incentive was paid to Mr. Kalafa under either the objective or subjective portion of this cash incentive plan.

EBITDA Target (Q1 and Q2 2009) ($000s)	**% of EBITDA Target**	**Objective Bonus Based on EBITDA (Q1 and Q2 2009)**	**EPS Target (Q1 and Q2 2009)**	**Objective Bonus Based on EPS (Q1 and Q2 2009)**	**Maximum Subjective Bonus (Q1 and Q2 2009)**	**Total Eligible Bonus (Q1 and Q2 2009)**
$20,180	80%	$ 5,775	$0.230	$ 3,850	$16,500	$26,125
$25,225	100%	$23,100	$0.288	$15,400	$16,500	$55,000
$30,270	120%	$34,650	$0.346	$23,100	$16,500	$74,250

In addition to the cash incentive plan described above, Mr. Kalafa is also eligible to receive bonuses based upon acquisitions completed by the Company. In his capacity as the Vice President Corporate Development and Strategy, Mr. Kalafa is responsible for identifying potential acquisition targets and negotiating the terms of those deals. In order to incentivize him to develop strategic opportunities that are accretive to the Company, Mr. Kalafa is eligible to receive a cash bonus for each completed acquisition based upon the following criteria:

Projected EPS Accretion in the First Twelve Months After an Acquisition	**Target Deal Bonus**
< $0.01	$ 0
≥ $0.01 and < $0.04	$20,000
≥ $0.04 and < $0.08	$30,000
> $0.08	$40,000

One half of the target bonus is paid to Mr. Kalafa shortly after an acquisition closes. The other half of the target bonus continues to be at risk until the actual EPS accretion within the first twelve months after the acquisition closes is determined. Based upon the percentage of such projected EPS Accretion achieved, Mr. Kalafa is entitled to receive:

% of Projected EPS Accretion Achieved	**% of At Risk Bonus Portion Paid**
< 80%	0%
80%	50%
100%	100%
≥ 200%	200%

The amount of bonus earned falling between the targets shown above are determined by linear interpolation. In addition, the Company has reserved the right to alter the target deal bonus for particular transactions based upon the complexity of the deal. For example, the Company increased Mr. Kalafa s bonus target from $40,000 to $50,000 for the acquisition of MDA Holdings, Inc. and its subsidiaries on September 9, 2008 due to additional work required to obtain financing in order to complete that particular deal. Upon the closing of this acquisition, Mr. Kalafa received $25,000. The projected EPS accretion for the first twelve months after the acquisition was $0.087. At the end of August 2009, the EPS accretion was determined to be $0.114 (131.3% of the Projected EPS Accretion Target). As a result, in October 2009 Mr. Kalafa received an additional $32,882 (or 131.3% of the at risk $25,000 portion).

Susan E. Ball, General Counsel

Like the cash incentive plans for the Company s CEO, CFO and the VP Corporate Development and Strategy, Ms. Ball s cash incentive plan was based upon objective criteria using EBITDA and EPS targets established by the Compensation Committee for the first half of 2009. The remaining portion of her cash incentive plan for 2009 was subjective, which subjective bonus could not exceed 15% of her base salary.

For the first half of 2009, the objective portion of her incentive plan also had a target cash bonus of 35% of her base annual salary, prorated, tied to the achievement of meeting certain EBITDA and EPS targets. 60% of the objective bonus opportunity was weighted toward the EBITDA component of the plan and 40% was weighted toward achieving the EPS component of the plan. A range of results was established for each of these goals, from a threshold to a maximum cash award. In 2009, Ms. Ball was entitled to receive a range of 5.25% -31.5% of her base salary based on the EBITDA component and 3.5%-21.0% of her base salary based on the EPS component. Due to the economic outlook in June 2009, the Compensation Committee elected not to modify the EBITDA and EPS targets for the full year and instead suspended both the objective portion of Ms. Ball s incentive plan, as well as the subjective portion of her plan. Therefore, no cash incentive was paid to Ms. Ball under her 2009 plan.

EBITDA Target (Q1 and Q2 2009) ($000s)	% of EBITDA Target	Objective Bonus Based on EBITDA (Q1 and Q2 2009)	EPS Target (Q1 and Q2 2009)	Objective Bonus Based on EPS (Q1 and Q2 2009)	Maximum Subjective Bonus (Q1 and Q2 2009)	Total Eligible Bonus (Q1 and Q2 2009)
$20,180	80%	$ 6,064	$0.230	$ 4,043	$17,325	$27,431
$25,225	100%	$24,255	$0.288	$16,170	$17,325	$57,750
$30,270	120%	$36,383	$0.346	$24,255	$17,325	$77,963

In addition to the cash incentive plan described above, Ms. Ball is also eligible to receive bonuses related to work performed on each acquisition and/or financing completed by the Company. Ms. Ball is responsible for conducting all legal due diligence and negotiations for these transactions, as well as documenting and closing acquisitions and financings. The Company will determine such bonuses based upon the complexity of the deals.

Equity Awards

The Compensation Committee uses equity based awards from time to time to focus executives on long-term performance and to align executives financial interests with those of shareholders. It also allows the Company to maintain competitive levels of compensation. During the past five years, the Compensation Committee has granted senior executives stock options, stock appreciation rights and/or restricted stock awards which vest over time. The awards were granted under our Amended and Restated 1999 Stock Option Plan, our Amended and Restated 1999 Equity Participation Plan and the 2007 Stock Incentive Plan (referred to as the Plan). The Plan was approved by our stockholders at the 2007 Annual Meeting of Stockholders, held on May 10, 2007. The Plan provides for the issuance of stock options, stock appreciation rights, restricted stock, performance shares, and other stock-based awards, all as defined by the Plan, to eligible employees, consultants and non-employee Directors.

We had reserved for issuance 1,500,000 shares of Common Stock under the Plan, of which 1,200,000 shares could be used for awards that are not appreciation awards (including restricted stock, performance shares or certain other stock-based awards). The Company manages its share reserves carefully. As of March 4, 2010, 849,348 stock options and stock appreciation rights and 417,057 restricted shares were outstanding under this plan. During 2009, the Company did not grant stock options to its senior executive officers, but granted 460,000 stock appreciation rights and 255,440 restricted shares to its senior executive officers. In addition, in 2009, 109,000 stock appreciation rights and 31,170 restricted shares were granted to other employees. Total grants in 2009 represented less than 3% of shares of Common Stock outstanding as of December 31, 2009. The earnings impact in 2009 including the vesting of prior grants, accounted for under Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation Stock Compensation* (FASB ASC 718) was approximately $0.05 per diluted share. In 2010, the Company intends to focus its incentives on non-cash equity awards instead of cash incentives.

We had reserved for issuance 2,145,515 shares of Common Stock under our Amended and Restated 1999 Stock Option Plan, subject to adjustment for stock splits or similar corporate events. As of March 4, 2010, there were options outstanding to purchase an aggregate of 571,334 shares of Common Stock under such plan. No additional options will be granted under our Amended and Restated 1999 Stock Option Plan, since the Plan was approved in May 2007.

We had reserved for issuance 2,252,486 shares of Common Stock under our Amended and Restated Equity Participation Plan, subject to adjustment for stock splits or similar corporate events. As of March 4, 2010, there were options outstanding to purchase an aggregate of 90,623 shares of Common Stock under such plan. No additional options will be granted under our Amended and Restated Equity Participation Plan, since the Plan was approved in May 2007.

Equity-based awards for senior executives have historically been given annually to supplement the senior executives compensation for retention purposes. Equity-based awards for senior executives are generally made based on the executive s position, experience and performance, prior equity-based compensation awards and competitive equity-based compensation levels. For the senior executives, in 2009, their long term incentive consisted of a combination of stock appreciation rights and restricted stock of the Company.

Stock options and appreciation rights are issued with an exercise price at 100% of the fair market value on the grant date to assure that executives will receive a benefit only when the stock prices increase. Stock appreciation rights granted in 2009 vest 25% per year over four years, and, if not exercised expire in seven years (or earlier in the case of termination of employment). The Compensation Committee determines the terms and conditions of stock options grants taking into account market practices and the objectives of the compensation program. Retaining key talent is a key factor for the Compensation Committee in considering the level of stock option awards and the vesting schedule.

Equity awards are typically approved by the Compensation Committee at its regularly scheduled meetings in March, May and August of each fiscal year. At the regularly scheduled meeting in May of each fiscal year (immediately following the Annual Meeting of Stockholders), the Compensation Committee grants restricted shares having a pre-established value ($50,000 in 2009) to the re-elected non-employee independent Board members (other than nominees of CEP III). These restricted shares are granted effective the first day of the first month immediately following the annual meeting. The CEO recommends the individual grants for all other eligible employees and presents the Compensation Committee with a schedule of proposed grants. The grant date of such awards is the date the Compensation Committee approves such grants. The Compensation Committee may make grants at other times during the year as it deems appropriate. All equity awards must be approved by the Compensation Committee. The Company s current practice is to set the exercise price at the closing price on the date of grant.

On March 2, 2010, our Board of Directors adopted Amendment Number One to the Plan, subject to stockholder approval. The amendment provides for, among other things, (i) an increase in the number of shares of Common Stock that may be issued a under the Plan from 1,500,000 shares to 3,500,000 shares of Common Stock and (ii) an increase in the share sub-limit for awards that are not appreciation awards, that may be granted pursuant to the Plan, from 1,200,000 to 1,700,000 shares of Common Stock. See Proposal II Approval of the Amendment to the Plan for more information about the Plan and the proposed amendment to the Plan.

Deferred Compensation Plan

The Board of Directors adopted the Deferred Compensation Plan, an unfunded non-qualified deferred compensation arrangement, effective as of January 1, 2004. Designated executives of the Company may elect to defer the receipt of a portion of their annual base salary, bonuses, commission and, prior to January 1, 2005, the delivery of stock option gains, to the Company s Deferred Compensation Plan. The Company may also make a discretionary contribution to the Deferred Compensation Plan on behalf of certain participants. Participants are immediately fully vested in any deferrals of annual base salary, bonuses, commissions and stock option gains and generally become vested in Company contributions after three years from the date such contribution is made to the plan. A participant s account balance will also become fully vested upon the occurrence of a change in control or upon a participant s retirement, death during employment or disability. Generally, payments under the Deferred Compensation Plan automatically commence upon a participant s retirement, termination of employment or death during employment; however, under certain limited circumstances described in the Plan, participants may receive distributions during employment. Benefits under the Deferred Compensation Plan are payable solely by the Company. To enable the Company to meet its financial commitment under the Deferred Compensation Plan, assets may be set aside in a corporate-owned vehicle. These assets are available to all general creditors of the Company in the event of the Company s insolvency. Participants of the Deferred Compensation Plan are unsecured general creditors of the Company with respect to the Deferred Compensation Plan benefits.

401(k) Plan

We maintain a 401(k) plan. The plan permits eligible employees to make voluntary, pre-tax contributions to the plan up to a specified percentage of compensation, subject to applicable tax limitations. We may make a discretionary matching contribution to the plan equal to a pre-determined percentage of an employee s voluntary, pre-tax contributions and may make an additional discretionary profit sharing contribution to the plan, subject to applicable tax limitations. Eligible employees who elect to participate in the plan are generally vested in any matching contribution after three years of service with the Company. The plan is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the Code) so that contributions to the plan and income earned on plan contributions are not taxable to employees until withdrawn from the plan, and so that our contributions, if any, will be deductible by us when made. The Company s 401(k) matching plan is currently suspended but will be re-evaluated at mid-year.

Other Benefits

Executives participate in the health and dental coverage, company-paid term life insurance, disability insurance, paid time off and paid holidays programs applicable to other employees in their locality. These benefits are designed to be competitive with overall market practices and are in place to attract and retain the talent needed in the business.

Employment Agreements

We are party to employment agreements with each of Joseph A. Boshart and Emil Hensel, pursuant to which Mr. Boshart serves as our President and CEO and Mr. Hensel serves as our CFO. The initial term of each agreement expired on July 29, 2002. Upon expiration of such initial term, each agreement automatically renewed for a one-year term, and will continue to renew for successive one-year terms unless prior to the end of such renewal term either party has given at least 90 days prior written notice of its intention not to renew the agreement. Messrs. Boshart and Hensel currently receive annual base salaries of $508,200 and $347,288, respectively. These salaries are subject to an annual review by the Compensation Committee of the Board of Directors, and each of Messrs. Boshart and Hensel is eligible to receive an annual bonus. Messrs. Boshart and Hensel are eligible to participate in all benefit plans and fringe benefit arrangements available to our senior executives. If either executive s employment is terminated without cause, the executive will be entitled to the greater of (x) base salary, for the balance of the renewal term, certain other benefits provided in the agreement and bonus for the fiscal year in which termination occurs or (y) one year s base salary in effect as of the date of termination. Each of Messrs. Boshart and Hensel is subject to a two-year post-termination noncompetition covenant. However, if either executive s employment is terminated without cause, then the non-competition agreement will be effective only if we continue to pay the executive s base salary, bonus and other benefits provided in the agreement for the term of the noncompetition covenant. We are permitted to terminate the noncompetition covenant, and related payments, upon 30 days prior written notice.

Severance/Change of Control Arrangements

In October 2003, our Board of Directors adopted an Executive Severance Policy (the Severance Policy), which was amended as of January 1, 2008 to adopt certain changes that were intended to comply with Section 409A of the Code. Pursuant to the Severance Policy, subject to executing a release, each NEO (other than Messrs. Boshart and Hensel whose arrangements are included in their respective employment agreements as discussed under Employment Agreements) are entitled to severance payments and benefits if within 60 days prior to, or within six months after, a change of control (as defined in the Severance Policy) of the Company, such NEO was terminated without cause or incurred an involuntary termination (*i.e.*, a resignation for good reason). Under the Severance Policy, each NEO is entitled to receive continued base salary for a period of one year following termination. In addition, during such period, the Company would continue to make group health, life or other similar insurance plans available to such NEO and his or her dependents, and the Company would pay for such coverage to the extent it paid for such coverage prior to the termination of employment.

In addition, under the Company s general severance pay policy for all eligible Company employees, if an NEO (other than Messrs Boshart and Hensel whose arrangements are included in their respective employment agreements) is terminated without cause (as defined in the Company s general severance pay policy) other than in connection with a change of control, the NEO, subject to executing a release, would be entitled to one week s worth of base salary for each full year of continuous service with the Company.

Additional Executive Compensation Policies

10b5-1 plans. The Compensation Committee believes that executives should be able to plan for their own financial security, including diversifying their investment portfolio. Therefore, the Compensation Committee has approved using 10b5-1 plans to facilitate the planned exercise of options and the sale of shares. These plans facilitate sales of the executives shares through a broker without the executive s direct involvement in such sales, subject to minimum price thresholds, such that such sales are not subject to the executive s access to material non-public information. All 10b5-1 plans previously held by Mr. Hensel, Ms. Annenberg, and Mr. Ward have terminated.

Perquisites

We limit the perquisites that we make available to our executive officers, particularly in light of recent developments with respect to corporate crime and abuse involving perquisites. Our executives are not entitled to any perquisites that are not otherwise available to all of our employees. In this regard, it should be noted that we do not provide pension arrangements, post-retirement health coverage, or similar benefits for our executives or employees.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($) (a)	Bonus ($)	Stock Awards ($)(d)	Option Awards ($)(e)	Non-Equity Incentive Plan Compen-sation ($)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($)(f)	Total ($)
Joseph A. Boshart	2009	498,427		599,200	431,275			6,125	1,535,027
	2008	492,842		260,400	55,534	(b)		6,038	814,814
President and Chief Executive Officer	2007	475,876		308,790	81,021	236,300		6,750	1,108,737
Emil Hensel	2009	340,609		399,966	293,267			4,074	1,037,916
Chief Financial	2008	336,792		169,260	36,098	(b)		6,038	548,188
Officer	2007	327,842		200,714	52,663	161,500		6,750	749,469
Vickie L. Anenberg	2009	224,632		225,000	172,510			2,839	624,981
Executive Vice	2008	227,624		97,650	20,826			6,038	352,138
President, Cross Country Staffing	2007	218,685		108,077	28,357	50,200		6,750	412,069
Susan E. Ball General	2009	226,558		150,014	103,506			2,888	482,966

Counsel	2008	224,019	40,000(c)	91,140	19,436			6,038	380,633
	2007	216,307	45,000(c)	92,637	24,306	52,500		6,750	437,500
Victor Kalafa Vice	2009	215,769	32,822(c)	150,014	103,506			2,750	504,861
President, Corporate	2008	213,077	25,000(c)	91,140	19,436			6,038	354,691
Development and Strategy	2007	200,000	40,000(c)	92,637	24,306	47,800		6,750	411,493
Jonathan W. Ward	2009	285,600		249,952	189,761			3,584	728,897
President of	2008	290,769		130,200	27,764			6,038	454,771
Cross Country Staffing	2007	280,000		154,395	40,510	56,000		6,750	537,655

(a)

This 2009 reported salary excludes the following amounts for 5 furlough days taken by each of NEOs in 2009: Boshart - $9,773; Hensel -- $6,679; Anenberg -- $4,410; Ball -- $4,442; Kalafa -- $4,231 and Ward -- $5,600.

(b)

Under the 2008 Annual Incentive Plan, Messrs. Boshart and Hensel were entitled to receive bonuses of $192,000 and $131,600, respectively; however, they both declined these cash bonuses.

(c)

These amounts reflect transaction bonuses earned by Ms. Ball and Mr. Kalafa as described herein.

(d)

Amounts in this column reflect the aggregate grant date fair value of awards of restricted stock granted under the Plan and computed in accordance with FASB Topic 718. The aggregate grant date fair value per share of restricted stock granted on, June 1, 2009, May 6, 2008 and October 1, 2007, was $8.56, $13.02 and $18.25, respectively.

(e)

Amounts in this column for all grants to all officers included in the table and for all periods reflect the aggregate grant date fair value of Option Awards consisting of stock appreciation rights to be settled in stock, granted under the Plan and computed in accordance with FASB ASC 718. The aggregate grant date fair value per share of stock appreciation rights granted on, June 1, 2009, May 6, 2008 and October 1, 2007, was $3.45, $6.65 and $9.65, respectively.

(f)

Amounts consist of employer matching contributions to the 401(k) plan.

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number Of Shares Of Stock Or Units	All Other Option Awards: Number Of Securities Underlying Options	Exercise Or Base Price Of Option Awards ($/Sh)	Gran Dat Fair Va of Sto and Optio Award (2)
ame	Grant Date	Thresh-old	Target	Maxi-mum	Thresh-old	Target	Maxi-mum				
(a)	(b)	($)(c)	($)(d)	($)(e)	($)(f)	($)(g)	($)(h)	(i)	(j)	(k)	(2)
eph A. hart	3/2/2009	50,820	177,870	393,855							
	6/1/2009							70,000	125,000	8.56	1,030,4
l sel	3/2/2009	34,729	121,550	251,783							
	6/1/2009							46,725	85,000	8.56	693,2
kie L. nberg	3/2/2009	44,333	57,330	120,393							
	6/1/2009							26,285	50,000	8.56	397,5
an E.	3/2/2009	10,106	40,405	77,963							
	6/1/2009							17,525	30,000	8.56	253,5
tor afa	3/2/2009	9,625	38,500	74,250							
	6/1/2009							17,525	30,000	8.56	253,5
athan Ward	3/2/2009	18,200	72,800	152,880							

6/1/2009