CROSS COUNTRY HEALTHCARE INC
Form DEF 14A
April 07, 2008

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:

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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

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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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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(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:

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Total fee paid:

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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:

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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

April 7, 2008

Dear Cross Country Healthcare Stockholder:

I invite you to attend our Annual Meeting of Stockholders. The meeting will be held on Tuesday, May 6, 2008, at 11:00 a.m. Eastern Daylight 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 2007 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 and II 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 6, 2008

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 6, 2008, at 11:00 a.m. Eastern Daylight 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 and ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2008; 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 7, 2008 are entitled to receive notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

Stephen W. Rubin
Secretary

April 7, 2008

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 2008 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 6, 2008, beginning at 11:00 a.m. Eastern Daylight 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 April 7, 2008.

Stockholders Entitled to Vote. Persons holding shares of Cross Country s common stock, par value $.0001 per share (the Common Stock), at the close of business on March 7, 2008, 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 30,906,271 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 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, 2008. 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. Cross Country 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, 2007.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information, as of March 7, 2008, 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 and the three most highly compensated persons (other than the CEO and CFO) who were serving as executive officers at December 31, 2007 (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 30,906,271 shares of Common Stock outstanding on March 7, 2008, 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
Artisan Partners Limited Partnership	4,299,956 (a)(b)	13.9 %
Wells Fargo & Company	3,828,654 (a)(c)	12.4 %
Third Avenue Management LLC	3,407,969 (a)(d)	11.0 %
Dimensional Fund Advisors LP	2,715,610 (a)(e)	8.8 %
Royce & Associates, LLC	2,505,100 (a)(f)	8.1 %
Charterhouse Equity Partners III, L.P.	2,461,432 (a)(g)	8.0 %
Dawson-Herman Capital Management, Inc.	1,746,395 (a)(h)	5.7 %
Joseph A. Boshart	787,833 (i)(j)(k)	2.5 %
W. Larry Cash	31,475 (i)(k)	* %
C. Taylor Cole Jr.	(k)(l)	%
Thomas C. Dircks	(k)(l)	%
Gale Fitzgerald	2,725 (i)(k)	* %
Emil Hensel	463,055 (i)(k)(m)	1.5 %
Anthony Sims	88,640 (i)(k)	* %
Joseph Trunfio	27,475 (i)(k)	* %
Jonathan W. Ward	207,623 (i)(k)	* %

Carol D. Westfall	44,598 (i)(k)	* %
All directors and executive officers as a group	2,166,608 (n)	6.7 %

*

Less than 1%

(a)

Addresses are as follows: Artisan Partners Limited Partnership, 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202; Wells Fargo & Company, 420 Montgomery Street, San Francisco, CA 94163; Third Avenue Management LLC, 622 Third Avenue, 32nd Floor, New York, New York 10017; Dimensional Fund Advisors LP and affiliates, 1299 Ocean Avenue, 11th Floor, Santa Monica, California 90401; Royce & Associates, LLC, 1414 Avenue of the Americas, New York, NY 10019; Charterhouse Equity Partners III, L.P. 1105 N. Market Street, Suite 1300, Wilmington, DE 19899; and Dawson-Herman Capital Management, Inc. 354 Pequot Avenue, Southport, CT 06890.

(b)

The information regarding the beneficial ownership of shares by Artisan Partners Limited Partnership was obtained from its statement on Schedule 13G/A, filed with the Commission on February 13, 2008. Such statement discloses that Artisan Partners Limited Partnership, Artisan Investment Corporation, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler possess shared dispositive power over 4,299,956 shares and shared voting power over 3,842,856 shares and Artisan Funds, Inc. possesses shared dispositive and voting power over 2,329,700 shares.

(footnotes continued on following page)

(footnotes continued from previous page)

(c)

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 23, 2008. Such statement discloses that Wells Fargo & Company possesses sole dispositive power over 3,782,654 and sole voting power over 3,793,829 shares.

(d)

The information regarding the beneficial ownership of shares by Third Avenue Management LLC was obtained from its statement on Schedule 13G/A, filed with the Commission on February 14, 2008. Such statement discloses that Third Avenue Management LLC possesses sole dispositive and voting power over 3,407,969 shares.

(e)

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 6, 2008. 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.

(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 28, 2008. Such statement discloses that Royce & Associates, LLC possesses sole dispositive and voting power over 2,505,100 shares.

(g)

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 Charterhouse Equity Partners III, L.P. was obtained from its statement on Schedule 13G/A filed with the Commission on February 12, 2008. Such statement discloses that Charterhouse Equity Partners III, L.P. possesses sole dispositive and voting power over 2,461,432 shares.

(h)

The information regarding the beneficial ownership of shares of Dawson-Herman Capital Management, Inc. was obtained from its statement on Schedule 13G, filed with the Commission on February 14, 2008. Such statement discloses that Dawson-Herman Capital Management, Inc. possesses sole dispositive and voting power over 1,746,395 shares.

(i)

Includes shares of Common Stock which such individuals have the right to acquire through the exercise of stock options within 60 days of March 7, 2008 as follows: Joseph A. Boshart, 489,354; W. Larry Cash, 26,750; Emil Hensel, 310,555; Anthony Sims, 82,418; Joseph Trunfio, 24,750; Jonathan W. Ward, 189,644; and Carol D. Westfall, 23,215. Includes restricted shares as follows: Joseph A. Boshart, 16,920; W. Larry Cash, 2,725; Gale Fitzgerald, 2,725; Emil Hensel, 10,998; Anthony Sims, 5,922; Joseph Trunfio, 2,725; Jonathan W. Ward, 8,460; and Carol D. Westfall, 4,230.

(j)

Mr. Boshart holds 185,668 shares directly, his wife holds 81,722 shares and each of his three children holds 31,089 shares.

(k)

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

(l)

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

(m)

Mr. Hensel holds 20,998 shares directly, his wife holds 131,502 shares. In addition, Mr. Hensel s two sons hold 33,086 shares in the aggregate and 17,032 shares are held by his daughter, but they are adults and as a result, he disclaims beneficial ownership of these shares.

(n)

Includes 1,576,108 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 7, 2008. Includes 79,662 restricted shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The members of our Board of Directors, our executive 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, 2007, 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, except as described in the immediately following sentence, all reporting requirements under Section 16(a) for such fiscal year were met in a timely manner by our directors, executive officers and beneficial owners of more than 10% of our Common Stock. Carol D. Westfall, the President of Cejka Search failed to file a Form 4 reflecting a swap transaction effected on November 20, 2007.

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 to 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 2009 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 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 2009 Annual Meeting of Stockholders:

Name	Age	Position
Joseph A. Boshart	51	President, Chief Executive Officer and Director
Emil Hensel	57	Chief Financial Officer and Director
W. Larry Cash	59	Director
C. Taylor Cole Jr.	39	Director
Thomas C. Dircks	50	Director
Gale Fitzgerald	57	Director
Joseph Trunfio	61	Director

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

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, and certain other information. No family relationship exists among any of the nominees or executive officers.

Joseph A. Boshart has served as President and Chief Executive Officer (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 holds a B.S. degree in Economics from the University of Michigan.

Emil Hensel has served as Chief Financial Officer (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 an

M.B.A. from New York University.

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.

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.

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.

Gale Fitzgerald has been a director and member of the Audit Committee since May 2007 and is currently a 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.

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.

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 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.

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, 2007, there were 5 meetings of the Board of Directors. Each director who served in such capacity during the year ended December 31, 2007 attended not less than 75% of the aggregate number of meetings of the Board of Directors and of the committee or committees thereof on which he or she served. All of the directors nominated for election to the Board except Gale Fitzgerald were members of the Board for the entire 2007 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 policy that all directors should attend the Annual Meeting of Stockholders. All of the directors attended the 2007 Annual Meeting.

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 Cross Country’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;

·

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

·

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

During the year ended December 31, 2007, there were 8 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, 2007, there were two 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 Chief Executive Officer 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.

In December 2006, the Compensation Committee retained the services of Mercer Human Resources Consulting (Mercer) to assist the Committee in evaluating our existing executive compensation programs and make recommendations for changes, if necessary, in order to ensure an overall effective compensation plan and mix to reach the Committee s goals. For more information regarding the Mercer engagement, please see the section captioned Compensation Discussion and Analysis Compensation Consultant in this proxy statement.

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:

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

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

- the personal and professional integrity of the nominee;

- 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

- the overall balance and diversity 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., NW, 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;

.

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 2007 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 2007, there was one Nominating Committee meeting.

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 2007. During the year ended December 31, 2007:

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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, 2007, we provided healthcare staffing services to Community Health Systems resulting in revenues to us of $2.5 million;

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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	43	Executive Vice President, Cross Country Staffing
Susan E. Ball, RN	44	General Counsel
Gregory Greene	48	President, Cross Country Education
Victor Kalafa	54	Vice President, Corporate Development and Strategy
Daniel J. Lewis	51	Principal Accounting Officer
Dr. Franklin A. Shaffer, RN, FAAN	65	Chief Nursing Officer
Anthony Sims	48	President, ClinForce
Jonathan W. Ward	42	President, Cross Country Staffing
Carol D. Westfall	58	President, Cejka Search

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, she 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. Prior to that, Ms. Ball served as Corporate Counsel for the Company from March 2002 to May 2004. 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 Bachelor of Science in Nursing from The Ohio State University in 1986 and her Juris Doctor degree from New York Law School in 1994.

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 a Masters of Business Administration 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 an executive officer since February 2002. Mr. Kalafa has also served as President of MedStaff 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 Principal Accounting Officer and 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.

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 profession.

Anthony Sims has served as President of ClinForce 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.

Carol D. Westfall has served as President of Cejka Search since October 2000. Ms. Westfall served as Senior Vice President of Cejka & Company s Physician Search and Outsourced Executive Search Divisions from August 1999 to October 2000 and Vice President of the Outsourced Executive and Physician Search Division from 1994 to July 1999. Ms. Westfall holds a B.S. degree in Education from Michigan State University and has completed graduate work in Secondary Administration with Purdue University.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Program Design and Oversight

The Company s Compensation Committee directs the design and provides oversight of the Company s executive compensation programs. The various programs and plans covering executive officers are administered by the Company. 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 its 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 incentive bonus is included in the compensation plan to align the financial incentives with the interests of our shareholders.

Philosophy and Executive Compensation Principles

With international 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 reward those who demonstrate the ability to lead the business as evidenced by financial results and 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;

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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;

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

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

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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 give the Committee the flexibility to adapt the compensation program from time to time to respond to changing needs of the business. For 2007, the Committee used the following elements, the specific rationale and design of which are outlined in more detail below.

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Base salary

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Annual incentive award paid in cash

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Stock options

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Stock appreciation rights

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Shares of restricted stock

The executives also participate in the Company's employee benefit plans. To the extent a NEO is covered by such benefits, they are disclosed in the compensation tables that follow this discussion.

Compensation Policies

Market positioning. The Compensation Committee s policy is to manage over time total remuneration (and each element) to the median of the competitive market with opportunity that may reach the 75th percentile or more for outstanding results. This opportunity is reflected in the range of payout opportunity in the annual incentive plan (discussed below). These programs are designed so that total remuneration will fall below the median when results are below target. An individual NEO s total remuneration (or an element) in any given year may be set above or below median depending on experience, tenure, performance, internal equity or other factors that the Compensation Committee takes into account in setting compensation levels. The Compensation Committee s process is discussed below in detail.

External market practices. 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: AMN Healthcare Services, Inc., Medical Staffing Network Holdings, 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. The Company is similar in size to its industry competitors based solely on revenues. 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 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 concern 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 and also looks at the unvested and vested value inherent in equity awards. For this purpose, the Compensation Committee disregards 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.

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 CFO s compensation, including salary adjustments and equity grant guidelines. The Compensation Committee does not generally review the compensation of the NEOs every year (other than the CEO and CFO) unless the scope of responsibility changes or performance dictates an interim adjustment. The CEO determines the salary of all NEOs other than himself and the CFO and the CEO recommends an annual cash incentive bonus plan for these NEOs to the Compensation Committee for their approval. The Compensation Committee discusses the CEO and CFO in detail and the CEO s recommendation for the CFO, including how the recommendation compares against the external market data and how the compensation levels of the executives compare to each other and to the CEO s.

As discussed under Employment Agreements, the Company is a party to an employment agreement with the CEO, Mr. Boshart. 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. Because the NEOs are in a position to directly influence the overall performance of the Company (or their business units), the NEOs have a significant portion of their compensation at risk through their annual incentive award program. The Company has a strong culture of paying for results, evidenced by the significant percentage of the executive compensation package that is tied to annual performance. The CEO and CFO are awarded annual incentive cash bonuses of up to 70% of base salary that is based on earnings before interest, taxes, depreciation and amortization (EBITDA) and EPS performance and up to 30% of base salary based on subjective performance. For 2008, once the President of Cross Country Staffing meets minimum threshold targets, he will be entitled to receive a range of 7.5%-105% of his base salary if certain contribution income and relative gross profit growth are achieved. A portion of his annual incentive cash bonus is also subjective. The Presidents of Cejka Search and ClinForce are awarded an annual incentive cash bonus solely based on the contribution income of their respective business units.

Forms of Long-Term Incentive Compensation. At the end of December 2007, the Company long-term incentive consisted of stock options, stock appreciation rights and shares of restricted stock. The Compensation Committee believes that the options reward performance through share price appreciation. The Compensation Committee may and has used restricted stock on a selective basis.

Compensation Consultant

Because of the evolution of regulatory, tax and accounting treatment of equity incentive programs and because it is important to us to retain our executive officers and key employees, we understand that it is important to use various forms of equity awards. In order to ensure an overall effective compensation plan and mix to reach its goals, the Compensation Committee retained an outside compensation consultant in 2006 to evaluate its programs. In October 2006, management solicited proposals from three separate compensation consultants and in December the Committee retained the services of Mercer Human Resources Consulting (Mercer), which had not previously conducted any business directly with the Company. In addition to talking to members of the Committee, they also contacted certain of our executive officers and other employees in our human resources department to obtain historical data and insight into previous compensation practices. In preparing its analysis, Mercer utilized 16 peer companies; their recommended peer group consisting of firms comparable in size and industry to us; and a peer group, that our company has typically used, consisting of geographically similar staffing companies to ours. Their recommendations with respect to base salary, bonus and equity incentive compensation, however, were based on their recommended peer group because the companies included in that group were more similar in size to ours and were more consistent in industry focus than the peer group we have historically used. Our Compensation Committee took their recommendations into consideration when establishing executive compensation for fiscal 2007. Mercer reported directly to the Compensation Committee and has not provided any services to the Company since 2007.

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 named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for NEOs are determined based on 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 50th percentile or less of the relevant competitive market for that position or peer group, but each NEO may have a base salary above or below the median of the market 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 program components include the award opportunity (expressed as a percentage of base salary) and the performance measures (such as EPS or EBITDA). 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.

Award opportunities . Each NEO has a target annual incentive award opportunity payable in cash which is expressed as a percentage of salary. If results fall below pre-established threshold levels, the Compensation Committee generally believes the performance does not warrant an incentive. If results exceed pre-established outstanding goals, the cash award payout is capped at the maximum award opportunity. The Compensation Committee believes that having a maximum cap serves to reduce the likelihood of windfalls and 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). Messrs. Boshart, Hensel and Ward also have a subjective component to their bonus plans.

Annual Incentives for CEO and CFO. The annual incentive plan for Joseph A. Boshart, our CEO, and Emil Hensel, our CFO, has two components:

The objective portion of the Annual Incentive Plan has a target cash bonus of 70% of base salary tied to the achievement of meeting certain EBITDA and EPS targets. 60% of this 70% opportunity is weighted toward the EBITDA component of the Plan and 40% is weighted toward achieving the EPS component of the Plan. The same weight will be applied in 2008. A range of results is established for each of these goals, from a threshold to a maximum cash award. For example, in 2007, 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 2007, 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. These annual incentive bonuses are typically paid in February following the year in which they were earned.

The Compensation Committee establishes 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 begins 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 assesses the difficulty of the goals and their implications for share price appreciation, revenue growth and other related factors. The iterative process results in final goals presented by management to the Compensation Committee at its February meeting.

The subjective portion of the Annual Incentive Plan for the CEO and CFO has a target cash bonus of up to 30% of base salary. The use of subjective criteria requires the Compensation Committee to weigh a multitude of subjective factors relative to the specific responsibilities of the NEO. 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 nation s economy and the healthcare staffing industry evolve.

Over the past three years, there have been two payouts under the objective portion of the Annual Incentive Plan. Including the subjective portion, the payout percentage over the past three years has been approximately 44% of the base salary. Generally, the Compensation Committee seeks to set the minimum, target and maximum levels such that the relative difficulty of achieving the target level is consistent from year to year.

The Company is in a cyclical business which is influenced by economic and labor market cycles that are outside the Company s control. It is important that the executive team manage short-term performance closely to be able to adjust strategy and execution in quick response to external cycle changes. EPS keeps the management team focused on producing results that align with investor expectations. EBITDA is a financial measure of operating performance which is a key driver of the long term shareholder returns and is not impacted by short term fluctuation in financial markets that are outside the control of the Company s executives. The Company s business strategy is to earn returns in excess of its cost of capital. This measure is in the incentive plan to align executive pay with the business strategy of the Company. For the financial metric, the determination is formulaic unless the Committee exercises its discretion to reduce the award earned for the performance delivered. The annual incentive is calculated based on actual results compared to the performance goals for each measure. The total annual incentive is equal to the sum of the amounts determined separately for each measure, plus an amount for the subjective portion of the evaluation.

The CEO recommends to the Compensation Committee the operational objectives each year for both himself and the CFO, which are tied to business initiatives. The Compensation Committee may accept, adjust or reject such recommendations and also makes the sole determination of the CEO s compensation. The Company believes that to disclose these operational objectives, even after the end of the year, would expose the Company to competitive harm. For 2008, it is possible that the threshold operational objectives will be achieved by the CEO and the CFO.

Each of the CEO and the CFO for the fiscal year ended December 31, 2007, received the following payments in March 2008 under the annual incentive plan:

Name	Bonus Award
Joseph A. Boshart	$236,300
Emil Hensel	$161,500

Annual Incentives for the Presidents of Cross Country Staffing, Cejka Search and ClinForce . The annual incentive goals for the Presidents of Cross Country Staffing, Cejka Search and ClinForce are based solely on the financial results of their respective business units, which operational objectives and targets are recommended to the Committee by the CEO each year for approval at the February meeting.

Mr. Ward, the President of Cross Country Staffing, in 2007, was entitled to receive a range of 7.5%-105% of his base salary if certain contribution income and relative gross profit growth targets were achieved by his business unit. Mr. Ward also has a subjective component in his incentive plan. In 2007, Mr. Ward received a subjective bonus of $56,000 based on Cross Country Staffing s increase in market share and increase in gross margin relative to competitors. He did not receive any bonus based on the objective portion of his 2007 annual incentive bonus plan. In 2008, Mr. Ward has a similar incentive plan in 2008 and is eligible to receive 7.5%-105% of his salary.

With respect to Mr. Sims, the President of ClinForce, and Ms. Westfall, the President of Cejka Search, the metric used to measure performance for these annual incentives is the contribution income of those individual businesses. This criterion will be applied in 2008. The annual incentive is calculated based on actual results compared to the performance goals for each measure. A range of results is established for each of these goals, from a threshold to a maximum cash award. For example, in 2007, Ms. Westfall was entitled to receive up to 92% of her base salary if certain contribution income targets were achieved. Mr. Sims was entitled to receive up to 120% of his base salary in 2007 if certain contribution income targets were achieved. Mr. Sims annual incentives for the third and fourth quarters of 2007 were based on the performance of the clinical trial staffing business, including Metropolitan Research which was acquired in August 2006.

The annual incentive bonuses for Mr. Sims and Ms. Westfall are paid on a quarterly basis with the