
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 2010

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _____ to _____



CROSS COUNTRY HEALTHCARE, INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
Incorporation or organization)*

0-33169
*Commission
file number*

13-4066229
*(I.R.S. Employer
Identification Number)*

**6551 Park of Commerce Blvd, N.W.
Boca Raton, Florida 33487**
(Address of principal executive offices)(Zip Code)

(561) 998-2232
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

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

The registrant had outstanding 31,087,586 shares of Common Stock, par value \$0.0001 per share, as of July 31, 2010.

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

In addition to historical information, this Form 10-Q contains statements relating to our future results (including certain projections and business trends) that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and are subject to the “safe harbor” created by those sections. Words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “suggests”, “seeks”, “will” and variations of such words and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: our ability to attract and retain qualified nurses, physicians and other healthcare personnel, costs and availability of short-term housing for our travel healthcare professionals, demand for the healthcare services we provide, both nationally and in the regions in which we operate, the functioning of our information systems, the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business, our clients’ ability to pay us for our services, our ability to successfully implement our acquisition and development strategies, the effect of liabilities and other claims asserted against us, the effect of competition in the markets we serve, our ability to successfully defend the Company, its subsidiaries, and its officers and directors on the merits of any lawsuit or determine its potential liability, if any, and other factors set forth in Item 1.A. “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2009, as filed and updated in our Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission.

Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this filing. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. The Company undertakes no obligation to update or revise forward-looking statements.

All references to “we”, “us”, “our”, or “Cross Country” in this Quarterly Report on Form 10-Q mean Cross Country Healthcare, Inc., its subsidiaries and affiliates.

CROSS COUNTRY HEALTHCARE, INC.

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FORM 10-Q

June 30, 2010

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PART I. – FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

**Cross Country Healthcare, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, amounts in thousands)**

	<u>June 30,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Current assets:		
Cash and short-term cash investments	\$ 10,300	\$ 8,569
Accounts receivable, less allowance for doubtful accounts of \$3,908 in 2010 and \$4,545 in 2009	64,299	70,172
Deferred tax assets	12,622	11,794
Income taxes receivable	479	7,405
Other current assets	7,684	8,268
Total current assets	<u>95,384</u>	<u>106,208</u>
Property and equipment, net of accumulated depreciation of \$45,935 in 2010 and \$41,760 in 2009		
	16,488	19,706
Trademarks, net	62,784	62,858
Goodwill, net	143,194	130,701
Other identifiable intangible assets, net	26,573	28,572
Debt issuance costs, net	2,575	1,536
Non-current deferred tax assets	5,144	5,390
Other long-term assets	1,276	1,618
Total assets	<u>\$ 353,418</u>	<u>\$ 356,589</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,531	\$ 8,143
Accrued employee compensation and benefits	17,342	16,140
Current portion of long-term debt	6,047	5,733
Interest rate swaps-current	532	1,427
Other current liabilities	3,628	3,113
Total current liabilities	<u>35,080</u>	<u>34,556</u>
Long-term debt	50,303	56,781
Other long-term liabilities	18,705	19,181
Total liabilities	<u>104,088</u>	<u>110,518</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock	3	3
Additional paid-in capital	241,914	240,870
Accumulated other comprehensive loss	(3,077)	(2,979)
Retained earnings	10,490	8,177
Total stockholders' equity	<u>249,330</u>	<u>246,071</u>
Total liabilities and stockholders' equity	<u>\$ 353,418</u>	<u>\$ 356,589</u>

See accompanying notes to the condensed consolidated financial statements

Cross Country Healthcare, Inc.
Condensed Consolidated Statements of Income
(Unaudited, amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenue from services	\$ 117,837	\$ 149,046	\$ 239,198	\$ 324,463
Operating expenses:				
Direct operating expenses	84,185	109,448	171,913	241,032
Selling, general and administrative expenses	27,322	31,606	55,207	65,044
Bad debt expense	(211)	171	—	76
Depreciation	2,221	2,306	4,374	4,611
Amortization	963	1,018	1,924	2,041
Total operating expenses	<u>114,480</u>	<u>144,549</u>	<u>233,418</u>	<u>312,804</u>
Income from operations	3,357	4,497	5,780	11,659
Other (income) expenses:				
Foreign exchange (income) loss	(28)	86	15	13
Interest expense, net	1,127	1,513	2,183	3,214
Income before income taxes	2,258	2,898	3,582	8,432
Income tax expense	1,080	606	1,269	3,104
Net income	<u>\$ 1,178</u>	<u>\$ 2,292</u>	<u>\$ 2,313</u>	<u>\$ 5,328</u>
Net income per common share:				
Basic	<u>\$ 0.04</u>	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.17</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.17</u>
Weighted average common shares outstanding:				
Basic	31,041	30,791	31,025	30,783
Diluted	31,220	30,953	31,187	30,943

See accompanying notes to the condensed consolidated financial statements

Cross Country Healthcare, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, amounts in thousands)

	Six Months Ended	
	June 30,	
	2010	2009
Operating activities		
Net income	\$ 2,313	\$ 5,328
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,374	4,611
Amortization	1,924	2,041
Bad debt expense	—	76
Deferred income tax benefit	(751)	(914)
Other noncash charges	1,553	1,554
Changes in operating assets and liabilities:		
Accounts receivable	5,826	35,232
Other current assets	580	3,516
Income taxes	7,240	2,029
Accounts payable and accrued expenses	264	(3,109)
Other liabilities	351	94
Net cash provided by operating activities	23,674	50,458
Investing activities		
Other acquisition related payments	(12,826)	(7,539)
Purchases of property and equipment	(681)	(1,642)
Net cash used in investing activities	(13,507)	(9,181)
Financing activities		
Repayment of debt	(10,648)	(52,732)
Proceeds from issuance of debt	4,000	12,575
Debt issuance costs	(1,480)	—
Repurchase of stock for restricted stock tax withholdings	(200)	(48)
Exercise of stock options	—	76
Tax benefit of stock option exercises	—	2
Net cash used in financing activities	(8,328)	(40,127)
Effect of exchange rate changes on cash	(108)	214
Change in cash and cash equivalents	1,731	1,364
Cash and cash equivalents at beginning of period	8,569	10,173
Cash and cash equivalents at end of period	<u>\$ 10,300</u>	<u>\$ 11,537</u>

See accompanying notes to the condensed consolidated financial statements

CROSS COUNTRY HEALTHCARE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements include the accounts of Cross Country Healthcare, Inc. and its direct and indirect wholly-owned subsidiaries (collectively, the Company). All material intercompany transactions and balances have been eliminated in consolidation. The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. generally accepted accounting principles for complete financial statements. The preparation of consolidated financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts in the condensed consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These operating results are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Unless otherwise disclosed in the notes to the condensed consolidated financial statements, the estimated fair value of financial assets and liabilities approximates carrying value. Subsequent events have been evaluated through the filing date of these unaudited condensed consolidated financial statements.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009 included in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission. The December 31, 2009 condensed consolidated balance sheet included herein was derived from the December 31, 2009 audited consolidated balance sheet included in the Company's Annual Report on Form 10-K.

Certain prior year amounts have been reclassified to conform to the current period presentation.

2. COMPREHENSIVE INCOME

Total comprehensive income includes net income, foreign currency translation adjustments, net changes in the fair value of hedging transactions, and net changes in the fair value of marketable securities available for sale, net of any related deferred taxes.

The table that follows describes the components of comprehensive income in the three and six month periods ending June 30, 2010 and 2009:

Cross Country Healthcare, Inc.
Consolidated Statements of Other Comprehensive Income
(Amounts in thousands)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net income	\$ 1,178	\$ 2,292	\$ 2,313	\$ 5,328
Other comprehensive (loss) income, before tax				
Foreign currency translation adjustments	(162)	1,649	(568)	1,354
Net change in fair value of hedging transactions	411	336	762	429
Net change in fair value of marketable securities	(30)	255	14	363
Other comprehensive income, before tax	219	2,240	208	2,146
Income tax expense related to items of other comprehensive income	149	221	305	300
Other comprehensive income (loss), net of tax	70	2,019	(97)	1,846
Comprehensive income	<u>\$ 1,248</u>	<u>\$ 4,311</u>	<u>\$ 2,216</u>	<u>\$ 7,174</u>

Certain of the Company's foreign operations use their respective local currency as their functional currency. In accordance with the *Foreign Currency Matters* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), assets and liabilities of these operations are translated at the exchange rates in effect on the balance sheet date. Income statement items are translated at the average exchange rates for the period. The cumulative impact of currency translation is included in accumulated other comprehensive loss (OCI) in the accompanying condensed consolidated balance sheets and was \$2.9 million and \$2.3 million at June 30, 2010 and December 31, 2009, respectively.

The net change in fair value of hedging transactions (including effective hedging reclassified to interest expense at cash settlement), related to the Company's interest rate swap agreements, is included in accumulated OCI in the accompanying condensed consolidated balance sheets and was \$0.3 million and \$0.7 million, net of deferred taxes, at June 30, 2010 and December 31, 2009, respectively.

The net change in fair value of marketable securities is included in accumulated OCI in the accompanying condensed consolidated balance sheets and was less than \$0.1 million, net of deferred taxes as of June 30, 2010 and December 31, 2009.

3. EARNINGS PER SHARE

In accordance with the requirements of the *Earnings Per Share* Topic of the FASB ASC, basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding including the vested portion of restricted shares. The denominator used to calculate diluted earnings per share reflects the dilutive effects of stock options, stock appreciation rights and nonvested restricted stock (as calculated utilizing the treasury stock method). Certain shares of common stock that are issuable upon the exercise of options have been excluded from per share calculations because their effect would have been anti-dilutive.

4. ACQUISITIONS

MDA Holdings, Inc.

In September 2008, the Company consummated the acquisition of substantially all of the assets of privately-held MDA Holdings, Inc. and its subsidiaries and all of the outstanding stock of Jamestown Indemnity Ltd. (the Captive), a Cayman Island company and wholly-owned subsidiary (collectively, MDA). This transaction included an earnout provision based on 2008 and 2009 performance criteria. This contingent consideration was not related to the sellers' continued employment. In April 2009, the Company paid \$6.7 million, related to the 2008 performance. In April 2010, the Company paid \$12.8 million, related to the 2009 performance, satisfying all earnout amounts potentially due to the seller in accordance with the asset purchase agreement. Earnout payments were allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the FASB ASC. In May 2010, \$1.7 million was released to the seller from the indemnification escrow account leaving a balance of \$5.4 million.

Assent Consulting

In July 2007, the Company completed the acquisition of all of the shares of privately-held Assent Consulting (Assent). This transaction included an earnout provision based on 2007 and 2008 performance criteria. This contingent consideration was not related to the sellers' employment. In April 2008, the Company paid \$4.6 million related to 2007 performance satisfying all earnout amounts potentially due to the seller in accordance with the asset purchase agreement. Approximately \$2.0 million of the payment was being held in escrow, subject to forfeiture to the Company, to the extent a 2008 performance milestone was not achieved. Based on 2008 performance, the full amount was released to the sellers in the first quarter of 2009. The entire payment was allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the FASB ASC. In addition, in the first quarter of 2009, the escrow for post-closing liabilities of \$1.0 million was released to the sellers.

AKOS Limited

In June 2007, the Company acquired all of the shares of privately-held AKOS Limited (AKOS), based in the United Kingdom. This transaction included an earnout provision based on 2007 and 2008 performance, as defined by the share purchase agreement. In the first quarter of 2008, the Company paid £1.1 million (approximately \$2.1 million) related to the 2007 performance. In the second quarter of 2009, the Company paid the sellers approximately £0.5 million (approximately \$0.7 million) related to the 2008 performance. The payments have been allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the FASB ASC.

5. RESERVES FOR CLAIMS

Workers' compensation benefits are provided under a partially self-insured plan. For workers' compensation claims reported prior to September 1, 2009, the insurance carrier required the Company to fund a reserve for payment of claims. Those funds were maintained by the insurance carrier. Effective September 1, 2009, the Company completely moved from a pre-funded program to a letter of credit structure to guarantee payments of claims. At June 30, 2010 and December 31, 2009, the Company had outstanding \$6.9 million and \$7.1 million, respectively, standby letters of credit related to this new structure.

6. DEBT

At June 30, 2010 and December 31, 2009, long-term debt consisted of the following:

	June 30, 2010	December 31, 2009
	(Amounts in thousands)	
Term loan, interest 2.35% at June 30, 2010 and 1.99% at December 31, 2009	\$ 55,769	\$ 62,109
Capital lease obligations	581	405
Total debt	56,350	62,514
Less current portion	(6,047)	(5,733)
Long-term debt	<u>\$ 50,303</u>	<u>\$ 56,781</u>

The Company's senior secured revolving credit facility entered into on November 10, 2005 was amended and restated as of September 9, 2008 (Credit Agreement) in connection with the acquisition of MDA. The Credit Agreement kept in place an existing \$75.0 million revolving credit facility, maturing in November 2010, and provided for a 5-year \$125.0 million term loan facility with Wachovia Capital Markets, LLC and certain of its affiliates, Banc of America Securities LLC and certain other lenders.

On May 28, 2010, the Company entered into a first amendment to its Credit Agreement with the lenders party thereto and Wells Fargo Bank, National Association (successor by merger to Wachovia Bank, National Association) as Administrative Agent. The Credit Agreement amendment, among other things, extends the maturity date of the revolving credit facility from November 2010 to September 2013 to be coterminous with the term loan facility, and reduces the existing revolving credit facility to \$50.0 million, and the sublimit for letters of credit to \$20.0 million. The Company paid \$1.5 million of financing fees related to this amendment, that have been capitalized as debt issuance costs on the condensed consolidated balance sheet as of June 30, 2010. Debt issuance costs related to this amendment are being amortized on a straight-line basis over the remaining term of the Credit Agreement. In addition, the Company wrote off an immaterial amount of debt issuance costs related to the reduction of the size of the revolving credit facility.

As of June 30, 2010, the Company did not have any borrowings outstanding under its revolving credit facility, but had \$12.5 million of standby letters of credit outstanding under this facility, leaving \$37.5 million available for borrowing.

In addition to the above mentioned changes, the terms of the Credit Agreement were adjusted to reflect customary covenants for similarly leveraged deals. As of June 30, 2010, interest on its revolving credit facility was based on LIBOR plus a margin of 3.50% or Base Rate (as defined by the Credit Agreement) plus a margin of 2.50%. The Company is required to pay a quarterly commitment fee on the average daily unused portion of the revolving loan facility, which, as of June 30, 2010 was 0.625%. The interest rate spreads on its term loans remained unchanged, and as of June 30, 2010 were based on LIBOR plus a margin of 2.00% or Base Rate plus a margin of 1.00%.

The table below summarizes what the Company believes are the key financial covenants, as defined by the Credit Agreement, as amended, and its corresponding actual performance as of June 30, 2010.

	Requirement	Actual
Maximum Permitted Leverage Ratio (a)	2.50 to 1.00	2.00 to 1.00
Minimum Fixed Charge Coverage Ratio (b)	1.75 to 1.00	10.42 to 1.00
Maximum Capital Expenditures for 2010 (c)	\$16.5 million	\$0.7 million

(a) The Company's Leverage Ratio must not be greater than 2.50 to 1.00 for the duration of the Credit Agreement, September 2013.

- (b) The Company's Fixed Charge Coverage Ratio (as defined by the Credit Agreement) must not be less than: 1) 1.75 to 1.00 through December 31, 2010; 2) 1.50 to 1.00 for the fiscal year 2011; 3) 1.25 to 1.00 for the fiscal year 2012 and 4) 1.15 to 1.00 thereafter.
- (c) Aggregate amount of Capital Expenditures in any fiscal year may not exceed: 1) \$4.0 million in the fiscal year 2010; 2) \$5.0 million in the fiscal year 2011; and \$7.0 million in the fiscal year 2012. However, the limit may be increased in any fiscal year by the amount of Capital Expenditures that were permitted but not made in the immediately preceding fiscal year, which is included in the table above.

Effective with the May 2010 amendment, the limitation on the Company's ability to repurchase its common stock and declare and pay cash dividends on its common stock has been adjusted. The Credit Agreement, as amended, provides for an amount allowed for stock repurchases/dividends subsequent to May 28, 2010, that is the lesser of \$25.0 million and 50% of cumulative Consolidated Net Income (as defined by the Credit Agreement) for each fiscal quarter after March 31, 2010 where financial statements have been delivered; provided, that the Company's Debt/EBITDA ratio (as defined by the Credit Agreement), after giving effect to the transaction, is less than 1.00 to 1.00 and there is \$40.0 million in cash or available cash under its revolving loan facility. However, if the Company's Debt/EBITDA ratio, after giving effect to the transaction is less than 2.00 to 1.00 but equal to or greater than 1.00 to 1.00, and there are no amounts outstanding under the revolving credit facility (other than letters of credit), the allowable amount for repurchases/dividends is \$2.5 million. The Company's requirement to obtain lender consent for acquisitions has also been adjusted. Effective with the May 2010 amendment, the Company is required to obtain the consent of its lenders to complete any acquisition which exceeds \$20.0 million or would cause the Company to exceed \$50.0 million in aggregate cash and non-cash consideration for Permitted Acquisitions (as defined by the Credit Agreement) during the term of the Credit Agreement (excluding the MDA acquisition).

Long-term debt includes capital lease obligations that are subordinate to the Company's senior secured facility.

Aggregate scheduled maturities of long-term debt as of June 30, 2010, are as follows:

Through Year Ending December 31 (Amounts in thousands):	
2010	\$ 2,837
2011	7,957
2012	18,473
2013	27,063
2014	20
Thereafter	—
	<u>\$ 56,350</u>

7. INTEREST RATE SWAP AGREEMENTS

The Company uses derivative instruments to manage the fluctuations in cash flows resulting from interest rate risk on variable-rate debt financing. The objective of the hedges is to reduce the exposure to fluctuations in floating interest rates tied to LIBOR borrowings as required by the Company's credit agreement and not for trading purposes. The interest rate swap agreements involve the receipt of variable rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount. As of June 30, 2010, the Company had designated 100% of its interest payments on its variable rate debt as the hedged forecasted transactions.

Pursuant to the provisions of the Credit Agreement and not for trading purposes, in October 2008, the Company entered into two interest rate swap agreements, both with effective dates of October 9, 2008 and termination dates of October 9, 2010. The Company was required to execute Interest Rate Contract(s) (as defined in the Credit Agreement) to hedge its variable interest rate exposure in an aggregate amount of at least 40% of its \$125.0 million term loan facility, or \$50.0 million, for at least 2 years. No initial investments were made to enter into these agreements. The interest rate swap agreements require the Company to pay a fixed rate to the respective counterparty (fixed rate of 3.1625% per annum on a notional amount of \$50.0 million and a fixed rate of 2.75% on \$20.0 million), and to receive from the respective counterparty, interest payments, based on the applicable notional amounts and 1 month LIBOR, with no exchanges of notional amounts. The interest rate swaps effectively fixed the interest on \$70.0 million of the Company's term debt for a period of 2 years at 3.04%, plus the applicable LIBOR spread.

The Company has formally documented the hedging relationships and has accounted for these derivatives as cash flow hedges. Gains or losses resulting from changes in the fair value of these agreements have been recorded in OCI, net of tax, until the hedged item is recognized in earnings. The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. Any ineffectiveness is recorded directly to interest expense.

In the third quarter of 2009, the Company generated excess cash flow, which, along with cash on hand, allowed it to prepay an additional \$22.5 million of term loan borrowings causing its \$20.0 million notional amount interest rate swap to become ineffective. Subsequent prepayments were made of \$5.0 million in the fourth quarter of 2009 and \$4.0 million in the first quarter of 2010. The Company has continued to reclassify the after tax amount of estimated ineffectiveness from accumulated OCI to interest expense in the accompanying condensed consolidated income statement related to these prepayments, which was immaterial for the three and six months ended June 30, 2010. In the three and six month periods ending June 30, 2010, the Company reclassified \$0.1 million of the loss in OCI to interest expense coinciding with interest payments on the underlying term loan portion that was hedged.

Changes in the cash flows of the \$50.0 million notional amount interest rate swap are expected to remain highly effective at offsetting the changes in overall cash flows (i.e. changes in interest payments) attributable to fluctuations in the LIBOR rates on the Company's variable-rate debt. The Company considers the \$50.0 million notional amount interest rate swap to be a cash flow hedge and eligible for hedge accounting. Changes in the fair value of derivatives deemed to be eligible for hedge accounting are reported in accumulated OCI on the condensed consolidated balance sheets. See Note 2 – Comprehensive Income.

As of June 30, 2010, the fair value of the interest rate swap agreements was approximately \$0.5 million and is a liability on the condensed consolidated balance sheet with an offset to accumulated OCI of \$0.4 million and interest expense of \$0.1 million (for the ineffective portion remaining balance). Deferred tax benefits of \$0.2 million were also recorded to OCI, relating to the interest rate swap agreements leaving a balance of approximately \$0.3 million in accumulated OCI related to these swap agreements. As of December 31, 2009, the fair value of the interest rate swap agreements was \$1.4 million and was recorded as a liability on the consolidated balance sheet with offsets to accumulated OCI of \$1.2 million for the effective portion and interest expense of \$0.2 million for the ineffective portion. Deferred tax benefits of \$0.5 million were also included in OCI, leaving a balance of \$0.7 million as of December 31, 2009.

The Company expects the entire amount of \$0.5 million, recorded in accumulated OCI will be reclassified to interest expense through October 9, 2010, coinciding with interest payments on the underlying term loan portion that was hedged. Interest rate swap payments are included in net cash provided by operating activities in the Company's condensed consolidated statement of cash flows.

8. FAIR VALUE MEASUREMENTS

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

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

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

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

During the three and six months ended June 30, 2010, the Company's only financial assets/liabilities required to be measured on a recurring basis were its interest rate swap agreements, its deferred compensation liability included in other long-term liabilities and marketable securities included in other long-term assets. The Company utilizes Level 1 inputs to value marketable securities and its deferred compensation liability and Level 2 inputs to value the interest rate swap agreements. Interest rate swap agreements are recorded at fair value based on available quotations provided by a recognized dealer in such hedging agreements. The Company did not hold any Level 3 assets or liabilities at June 30, 2010 or December 31, 2009. The *Fair Value Measurements and Disclosures* Topic of the FASB ASC also states that the fair value measurement of a financial asset or financial liability must reflect the nonperformance risk of the entity and the counterparty. Therefore, the impact of the counterparty's creditworthiness will be considered when in an asset position and the Company's credit worthiness will be considered when it is in a liability position. As of June 30, 2010, both counterparties are expected to continue to perform under their contractual terms of the instrument and the creditworthiness did not have a material impact on the fair value of the interest rate swap agreements.

The table below summarizes the estimated fair values of the Company's financial assets and liabilities measured on a recurring basis as of June 30, 2010 and December 31, 2009:

(Amounts in thousands)	Fair Value Measurements as of June 30, 2010			Fair Value Measurements as of December 31, 2009		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Financial Assets:						
Marketable securities	\$ 137	\$ 137	\$ —	\$ 123	\$ 123	\$ —
Financial Liabilities:						
Interest rate swaps-current	\$ 532	\$ —	\$ 532	\$ 1,427	\$ —	\$ 1,427
Deferred compensation	1,351	1,351	—	1,376	1,376	—
	<u>\$ 1,883</u>	<u>\$ 1,351</u>	<u>\$ 532</u>	<u>\$ 2,803</u>	<u>\$ 1,376</u>	<u>\$ 1,427</u>

9. STOCKHOLDERS' EQUITY

Stock Repurchase Program

During the six months ended June 30, 2010 and 2009, the Company was restricted, under its Credit Agreement and did not repurchase shares of its common stock. Under its February 2008 authorization, the Company may purchase up to an additional 1,441,139 shares of common stock, subject to the constraints of the Company's Credit Agreement. At June 30, 2010, the Company had approximately 31.1 million shares of common stock outstanding.

Share-Based Payments

During the three and six month periods ended June 30, 2010, \$0.7 million and \$1.2 million, respectively, was included in selling, general and administrative expenses related to share-based payments. In addition, a net of 78,182 shares of common stock were issued upon vesting of restricted stock awards in the three and six month periods ending June 30, 2010.

During the three and six month periods ended June 30, 2009, \$0.4 million and \$0.8 million, respectively, was included in selling, general and administrative expenses related to share-based payments. In addition, a net of 22,831 shares of common stock were issued upon vesting of restricted stock awards and 9,831 shares were converted upon exercise of employee stock options, in the three and six month periods ending June 30, 2009.

On May 5, 2010, the Company's shareholders approved an amendment to its 2007 Stock Incentive Plan (Plan) to: (1) increase the number of shares of common stock, par value \$0.0001 per share (Common Stock), of the Company that may be issued under the Plan from 1,500,000 shares to 3,500,000 shares and (2) increase the share sub-limit for awards that are not stock appreciation awards that may be granted pursuant to the Plan from 1,200,000 shares to 1,700,000 shares of Common Stock.

On June 1, 2010, 205,647 shares of restricted stock at a market price of \$8.09 were granted to Directors and key employees of the Company. In addition, 254,000 stock appreciation rights were granted to key employees at a price of \$8.09 and a weighted average valuation per share of \$2.77. Similar to prior grants, the restricted stock vests ratably over a four year period on the anniversary date of the grant. The stock appreciation rights vest 25% per year over a four year period, expire after seven years and can only be settled with stock.

10. SEGMENT DATA

The Company reports the following business segments in accordance with the *Segment Reporting* Topic of the FASB ASC:

- *Nurse and allied staffing* - The nurse and allied staffing business segment provides travel nurse and allied staffing services and per diem nurse services primarily to acute care hospitals which include public and private healthcare and for-profit and not-for-profit facilities throughout the U.S. The Company aggregates the different brands that it markets to its customers in this business segment.
- *Physician staffing* - The physician staffing business segment provides multi-specialty locum tenens to the healthcare industry in all 50 states.
- *Clinical trials services* - The clinical trials services business segment provides clinical trials, drug safety, and regulatory professionals and services on a contract staffing and outsourced basis to companies in the pharmaceutical, biotechnology and medical device industries, as well as to contract research organizations, primarily in the United States, Canada and Europe.
- *Other human capital management services* - The other human capital management services business segment includes the combined results of the Company's education and training and retained search businesses.

Information on operating segments and a reconciliation to income from operations for the periods indicated are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
(Amounts in thousands)				
Revenue from external customers:				
Nurse and allied staffing	\$ 59,817	\$ 78,582	\$ 124,487	\$ 183,611
Physician staffing	31,268	40,747	62,410	79,005
Clinical trials services	15,803	19,403	30,974	40,390
Other human capital management services	10,949	10,314	21,327	21,457
	<u>\$ 117,837</u>	<u>\$ 149,046</u>	<u>\$ 239,198</u>	<u>\$ 324,463</u>
Contribution income (a):				
Nurse and allied staffing	\$ 6,084	\$ 7,202	\$ 11,980	\$ 17,230
Physician staffing	3,709	4,131	6,591	7,373
Clinical trials services	1,706	2,272	3,284	4,459
Other human capital management services	798	329	1,816	1,258
	<u>12,297</u>	<u>13,934</u>	<u>23,671</u>	<u>30,320</u>
Unallocated corporate overhead	5,756	6,113	11,593	12,009
Depreciation	2,221	2,306	4,374	4,611
Amortization	963	1,018	1,924	2,041
Income from operations	<u>\$ 3,357</u>	<u>\$ 4,497</u>	<u>\$ 5,780</u>	<u>\$ 11,659</u>

- (a) The Company defines contribution income as income from operations before depreciation, amortization and corporate expenses not specifically identified to a reporting segment. Contribution income is a financial measure used by management when assessing segment performance and is provided in accordance with the *Segment Reporting* Topic of the FASB ASC.

11. COMMITMENTS AND CONTINGENCIES

In July 2010, the Company entered into an agreement to lease 18,000 square feet of space in Pune, India for its in-house information systems and development support services as well as back-office processing services. The agreement is for three years with an option to extend for another two year period. The commitment is to pay approximately \$0.2 million per year, with a total commitment of approximately \$0.7 million. The commencement of the lease will be September 1, 2010.

In July 2010, the Company renegotiated its lease in Malden, Massachusetts. The new lease, effective July 1, 2010, reduces the space occupied by the Company from approximately 31,662 square feet to approximately 22,767 square feet. In addition, the lease expiration was extended from June 30, 2012 to June 30, 2017, with an option to extend another three years. The revised lease has the effect of reducing the Company's lease payment commitments by approximately \$0.2 million through June 30, 2012. However, the extension through 2017 added \$1.3 million to the total commitment related to this property.

Contingencies:

Maureen Petray and Carina Higareda v. MedStaff, Inc.

On February 18, 2005, the Company's MedStaff subsidiary became the subject of a purported class action lawsuit (*Maureen Petray and Carina Higareda v. MedStaff, Inc.*) filed in the Superior Court of California in Riverside County. The lawsuit relates to only MedStaff corporate employees working in California. The claims alleged under this lawsuit are generally similar in nature to those brought by Darrelyn Renee Henry in a lawsuit against the Company, which was dismissed (*Darrelyn Renee Henry vs. MedStaff, Inc., et. al.*).

The lawsuit alleges, among other things, violations of certain sections of the California Labor Code, the California Business and Professions Code, and recovery of unpaid wages and penalties. MedStaff currently has less than 50 corporate employees in California. The Plaintiffs, Maureen Petray and Carina Higareda, purport to sue on behalf of themselves and all others similarly situated, and allege that MedStaff failed, under California law, to provide meal periods and rest breaks and pay for those missed meal periods and rest breaks; failed to compensate the employees for all hours worked; failed to compensate the employees for working overtime; failed to keep appropriate records to keep track of time worked; failed to pay Plaintiffs and their purported class as required by law. Plaintiffs seek, among other things, an order enjoining MedStaff from engaging in the practices challenged in the complaint and for full restitution of all monies, for interest, for certain penalties provided for by the California Labor Code and for attorneys' fees and costs. On February 5, 2007, the court granted class certification. On October 16, 2008, MedStaff filed a Motion to Decertify the class which was denied on December 19, 2008. Trial was scheduled to occur in the second quarter of 2010; however, in December 2009, the Company reached an agreement in principle to settle this matter. As a result, the Company accrued a pre-tax charge of \$345,000 (approximately \$209,000 after taxes) related to this lawsuit. The final settlement agreement will be subject to court approval.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the outcome of these other matters will not have a significant effect on the Company's consolidated financial position or results of operations.

12. INCOME TAXES

The Company's effective tax rate for the full year is estimated to be approximately 42%. The effective tax rate was 47.8% and 35.4% in the three and six months ended June 30, 2010, respectively. The Company had a lower tax rate in the first quarter of 2010 due to certain discrete items, including an immaterial prior year correction related to a tax election the Company made on behalf of a subsidiary acquired in 2008 as part of the MDA acquisition. Excluding these items, the effective tax rate in the three and six months ended June 30, 2010 was 39.6% and 38.7%, respectively.

In accordance with the *Income Taxes* Topic of the FASB ASC, a reconciliation of the beginning and ending amounts of unrecognized tax benefits, including estimated interest and penalties, is as follows:

	(Amounts in thousands)
Balance at January 1, 2010	\$ 4,443
Additions based on tax positions related to prior years	88
Additions based on tax positions related to current year	314
Balance at June 30, 2010	<u>\$ 4,845</u>

As of June 30, 2010, the Company had approximately \$4.1 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. During the six months ended June 30, 2010, the Company had gross increases of \$0.4 million to its current year unrecognized tax benefits related to federal and state tax issues.

The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. The Company had accrued approximately \$0.8 million and \$0.7 million for the payment of interest and penalties at June 30, 2010 and December 31, 2009, respectively.

The tax years 2006 through 2009 remain open to examination by the major taxing jurisdictions to which the Company is subject, with the exception of certain states in which the statute of limitations has been extended. In April 2010, the Company received a federal tax refund of \$5.6 million substantially related to its election, under the Worker, Homeownership, and Business Assistance Act of 2009, of a 5 year carryback period for its 2009 taxable net operating loss.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's condensed consolidated financial statements present a consolidation of all its operations. This discussion supplements the detailed information presented in the condensed consolidated financial statements and notes thereto which should be read in conjunction with the consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K, filed for the year ended December 31, 2009, and is intended to assist the reader in understanding the financial results and condition of the Company.

Overview

We are a diversified leader in healthcare staffing services offering a comprehensive suite of staffing and outsourcing services to the healthcare market. We report our financial results according to four business segments: (1) nurse and allied staffing, (2) physician staffing (locum tenens), (3) clinical trials services and (4) other human capital management services. We believe we are one of the top two providers of travel nurse and allied staffing services in the United States; one of the top three providers of temporary physician staffing services; a leading provider of clinical trials staffing services and retained physician search services; and a provider of educational seminars, specifically for the healthcare marketplace.

We have a diversified revenue mix across business sectors and healthcare customers. For the quarter ended June 30, 2010, our nurse and allied staffing business segment represented approximately 51% of our revenue and is comprised of travel and per diem nurse staffing and travel allied health staffing. Travel nurse staffing represented approximately 37% of our total revenue and 73% of our nurse and allied staffing business segment revenue. Other nurse and allied staffing services include the placement of per diem nurses and allied healthcare professionals, such as radiology technicians, rehabilitation therapists and respiratory therapists. Our physician staffing business segment represented approximately 27% of first quarter 2010 revenue and consists of temporary physician staffing services (locum tenens). Our clinical trials services business segment represented approximately 13% of our revenue and consists of service offerings that include traditional staffing, drug safety monitoring and regulatory services to pharmaceutical and biotechnology customers. Our other human capital management services business segment represented approximately 9% of our revenue and consists of education and training and retained search services.

For the quarter ended June 30, 2010, our revenue was \$117.8 million, and net income was \$1.2 million, or \$0.04 per diluted share. Cash flow provided by operating activities for the six months ended June 30, 2010, was \$23.7 million (including a \$5.6 million federal income tax refund), which was primarily used to pay the final earnout payment related to our acquisition of privately-held MDA Holdings, Inc. and its subsidiaries and all of the outstanding stock of Jamestown Indemnity Ltd. (the Captive), a Cayman Island company and wholly-owned subsidiary (collectively, MDA), and to repay debt. We ended the second quarter of 2010 with total debt of \$56.4 million and \$10.3 million of cash, resulting in a ratio of debt, net of cash, to total capitalization of 15.1%.

In general, we evaluate the Company's financial condition and operating results by revenue, contribution income (see Segment Information), and net income. We also use measurement of our cash flow generation and operating and leverage ratios to help us assess our financial condition. In addition, we monitor several key volume and profitability indicators such as number of open orders, contract bookings, number of FTEs, days filled and price.

Nurse and Allied Staffing

Our nurse and allied staffing business' results in the second quarter of 2010 reflects the challenging environment we have been operating in since the dramatic deterioration in the economy and national labor markets that began in the third quarter of 2008. However, since the beginning of June, we have experienced a significant increase in demand in most areas of the country, particularly for travel nurse staffing. In addition, relative bookings for our nurse and allied staffing business segment, which measures net weeks booked as a percentage of the average field FTE count, improved from 88% in the first quarter of 2010 to 97% in the second quarter of 2010 and have averaged 114% so far in the third quarter. Based on current trends, we would expect a sequential volume increase in the nurse and allied staffing segment in the fourth quarter 2010.

Physician Staffing

We believe the lingering effects of the recession and the weak housing market have delayed the retirement plans of many physicians. These factors, along with fewer surgeries, have resulted in a decrease in demand for temporary physicians, particularly in such specialties as anesthesiology and surgery. We also believe that hospitals and medical groups have experienced financial pressures on their operations which have resulted in less utilization of temporary physicians. Despite this decrease in current demand, we believe the long-term demographic drivers of this business have not changed. These drivers include an aging population demanding more healthcare, an aging physician population from the baby boom generation nearing retirement age, and more females entering the profession, which historically have provided less hours of service. Due to these factors, we believe the long-term prospects for an acute physician shortage is just as strong now as it was before the current downturn. In addition, we believe the increase in the insured population that will result from the enactment of healthcare reform should increase demand for primary care physicians which should benefit our business.

Clinical Trials Services

The environment for clinical trials services weakened during 2009 stemming from a slow-down in clinical trials caused largely by economic factors and financial market conditions, along with uncertainty concerning research and development activities following the recent wave of mergers and acquisitions in the pharmaceutical and biotechnology sectors. Meanwhile, we have been seeing gradual improvement in the core contract staffing component of this business, which represented approximately 95% of the business segment's revenue in the second quarter of 2010, while continuing to experience weakness in our drug safety monitoring and regulatory compliance service offerings. Despite the recent industry weaknesses, demographic factors and advances in biotechnology should drive long-term growth for this business segment.

Results of Operations

The following table summarizes, for the periods indicated, selected condensed consolidated statements of income data expressed as a percentage of revenue:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2010	2009	2010	2009
Revenue from services	100.0%	100.0%	100.0%	100.0%
Direct operating expenses	71.4	73.5	71.9	74.3
Selling, general and administrative expenses	23.2	21.2	23.1	20.0
Bad debt expense	(0.2)	0.1	-	-
Depreciation and amortization	2.7	2.2	2.6	2.1
Income from operations	2.9	3.0	2.4	3.6
Foreign exchange (income) loss	(0.0)	0.1	0.0	0.0
Interest expense, net	1.0	1.0	0.9	1.0
Income before income taxes	1.9	1.9	1.5	2.6
Income tax expense	0.9	0.4	0.5	1.0
Net income	1.0%	1.5%	1.0%	1.6%

Acquisitions

MDA Holdings, Inc.

In September 2008, we consummated the acquisition of substantially all of the assets of privately-held MDA Holdings, Inc. and its subsidiaries and all of the outstanding stock of a subsidiary of MDA Holdings, Inc. (collectively, MDA). This transaction included an earnout provision based on 2008 and 2009 performance criteria. This contingent consideration is not related to the sellers' continued employment. In the second quarter of 2009, we paid \$6.7 million, related to the 2008 performance. In April 2010, we paid \$12.8 million, related to the 2009 performance, satisfying all earnout amounts potentially due to the seller in accordance with the asset purchase agreement. The earnout payments were allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). In addition, in May 2010, \$1.7 million was released to the seller from the indemnification escrow account leaving a balance of \$5.4 million.

Assent Consulting

In July 2007, we completed an acquisition of the shares of privately-held Assent Consulting (Assent). This transaction also included an earnout provision based on 2007 and 2008 performance criteria. This contingent consideration was not related to the sellers' employment. In the second quarter of 2008, we paid \$4.6 million related to 2007 performance satisfying all earnout amounts potentially due to the seller in accordance with the asset purchase agreement. Of this payment, \$2.0 million was being held in escrow, subject to forfeiture to us, to the extent a 2008 performance milestone was not achieved. However, based on 2008 performance, the full amount was released to the seller in the first quarter of 2009. The entire payment was allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the FASB ASC. In addition, in the first quarter of 2009, the escrow for post-closing liabilities of \$1.0 million was released to the sellers.

AKOS Limited

In June 2007, we acquired all of the shares of privately-held AKOS Limited (AKOS), based in the United Kingdom. This transaction included an earnout provision based on 2007 and 2008 performance, as defined by the share purchase agreement. In the first quarter of 2008, we paid £1.1 million (approximately \$2.1 million) related to the 2007 performance. In the second quarter of 2009, we paid the sellers approximately £0.5 million (approximately \$0.7 million) related to the 2008 performance. The payments have been allocated to goodwill as additional purchase price, in accordance with the *Business Combinations* Topic of the FASB ASC.

Goodwill and Other Identifiable Intangible Assets

Goodwill and other intangible assets represented 93% of our stockholders' equity as of June 30, 2010. Goodwill and other identifiable intangible assets (including trademarks) from the acquisition of the assets of our predecessor, Cross Country Staffing, a partnership, as well as from subsequent acquisitions were \$143.2 million and \$89.4 million, respectively, net of accumulated amortization, at June 30, 2010. In accordance with the *Intangibles-Goodwill and Other* Topic of the FASB ASC, goodwill and certain other identifiable intangible assets are not subject to amortization; instead, we review impairment annually. Other identifiable intangible assets, which are subject to amortization, are being amortized using the straight-line method over their estimated useful lives ranging from 4.5 to 15 years.

Segment Information

We report the following business segments in accordance with the *Segment Reporting* Topic of the FASB ASC:

- *Nurse and allied staffing* - The nurse and allied staffing business segment provides travel nurse and allied staffing services and per diem nurse services primarily to acute care hospitals which include public and private healthcare and for-profit and not-for-profit facilities throughout the U.S. We aggregate the different brands that we market to our customers in this business segment.
- *Physician staffing* - The physician staffing business segment provides multi-specialty locum tenens to the healthcare industry in all 50 states.
- *Clinical trials services* - The clinical trials services business segment provides clinical trials, drug safety, and regulatory professionals and services on a contract staffing and outsourced basis to companies in the pharmaceutical, biotechnology and medical device industries, as well as to contract research organizations, primarily in the United States, Canada and Europe.
- *Other human capital management services* - The other human capital management services business segment includes the combined results of our education and training and retained search businesses.

Information on operating segments and a reconciliation to income from operations for the periods indicated are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
(Amounts in thousands)				
Revenue from external customers:				
Nurse and allied staffing	\$ 59,817	\$ 78,582	\$ 124,487	\$ 183,611
Physician staffing	31,268	40,747	62,410	79,005
Clinical trials services	15,803	19,403	30,974	40,390
Other human capital management services	10,949	10,314	21,327	21,457
	<u>\$ 117,837</u>	<u>\$ 149,046</u>	<u>\$ 239,198</u>	<u>\$ 324,463</u>
Contribution income (a):				
Nurse and allied staffing	\$ 6,084	\$ 7,202	\$ 11,980	\$ 17,230
Physician staffing	3,709	4,131	6,591	7,373
Clinical trials services	1,706	2,272	3,284	4,459
Other human capital management services	798	329	1,816	1,258
	<u>12,297</u>	<u>13,934</u>	<u>23,671</u>	<u>30,320</u>
Unallocated corporate overhead	5,756	6,113	11,593	12,009
Depreciation	2,221	2,306	4,374	4,611
Amortization	963	1,018	1,924	2,041
Income from operations	<u>\$ 3,357</u>	<u>\$ 4,497</u>	<u>\$ 5,780</u>	<u>\$ 11,659</u>

- (a) We define contribution income as income from operations before depreciation, amortization and other corporate expenses not specifically identified to a reporting segment. Contribution income is a measure used by management to access operations and is provided in accordance with the *Segment Reporting* Topic of the FASB ASC.

Comparison of Results for the Three Months Ended June 30, 2010 compared to Three Months Ended June 30, 2009

Revenue from services

Revenue from services decreased \$31.2 million, or 20.9%, to \$117.8 million for the three months ended June 30, 2010, as compared to \$149.0 million for the three months ended June 30, 2009. The decrease was due to lower revenue from our nurse and allied staffing business segment, physician staffing and clinical trials services business segments, partially offset by an increase in revenue from our other human capital services business segment. The decrease in revenue reflects the challenging operating environment for our business segments that has resulted in decreased demand from our customers.

Nurse and allied staffing

Revenue from our nurse and allied staffing business segment decreased \$18.8 million, or 23.9%, to \$59.8 million in the three months ended June 30, 2010, from \$78.6 million in the three months ended June 30, 2009, primarily due to lower staffing volume, as well as lower pricing, partially resulting from changes in geographic mix.

The average number of nurse and allied staffing FTEs on contract during the three months ended June 30, 2010, decreased 21.3% from the three months ended June 30, 2009. Average nurse and allied staffing revenue per FTE per day decreased approximately 3.2% in the three months ended June 30, 2010 compared to the three months ended June 30, 2009, primarily due to a decline of 2.6% in the average bill rate in our travel staffing operations and a relatively higher mix of per diem staffing operations, which typically has a lower average bill rate than travel staffing due to the mix of healthcare professionals.

Physician staffing

Revenue from our physician staffing business decreased \$9.5 million or 23.3% to \$31.3 million for the three months ended June 30, 2010, compared to \$40.7 million in the three months ended June 30, 2009. The revenue decline reflects decreased demand for our temporary physician staffing services, and in particular, anesthesiology.

Physician staffing days filled is a metric that we use to measure volume in this business segment. Physician staffing days filled is equivalent to total hours filled during the respective period divided by eight hours. Physician staffing days filled decreased 17.6% to 20,657 in the three months ended June 30, 2010, compared to the three months ended June 30, 2009. Revenue per day filled for the three months ended June 30, 2010 was \$1,514 a 6.8% decrease from the three months ended June 30, 2009, reflecting an unfavorable change in the mix of specialties. Revenue per day filled is calculated by dividing total physician staffing revenue by days filled for the respective period.

Clinical trials services

Revenue from clinical trials services decreased \$3.6 million, or 18.6%, to \$15.8 million in the three months ended June 30, 2010, from \$19.4 million in the three months ended June 30, 2009. This decline was primarily due to the conclusion, in the third quarter of 2009, of a large clinical trial we were contracted to manage and a decrease in revenue from a specific drug safety contract, partially offset by an increase in revenue from contract staffing, reflecting higher average bill rates. Contract staffing represented approximately 95% of this business segment's revenue in the three months ended June 30, 2010 compared to 76% in the three months ended June 30, 2009.

Other human capital management services

Revenue from other human capital management services for the three months ended June 30, 2010, increased \$0.6 million, or 6.2%, to \$10.9 million from \$10.3 million in the three months ended June 30, 2009, primarily reflecting an increase in revenue from our education and training business due to an increase in the number of seminars and higher seminar attendance. This increase was partially offset by a decrease in revenue from our retained search business.

Direct operating expenses

Direct operating expenses are comprised primarily of field employee and independent contractor compensation expenses, housing expenses, travel expenses and field insurance expenses. Direct operating expenses decreased \$25.3 million, or 23.1%, to \$84.2 million for the three months ended June 30, 2010, as compared to \$109.4 million for three months ended June 30, 2009.

As a percentage of total revenue, direct operating expenses represented 71.4% of revenue for the three months ended June 30, 2010, and 73.5% for the three months ended June 30, 2009. The decrease is primarily due to a change in the business mix among segments, coupled with a widening of the bill-pay spread in our travel staffing operations, lower housing costs and lower professional liability expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased \$4.3 million, or 13.6%, to \$27.3 million for the three months ended June 30, 2010, as compared to \$31.6 million for the three months ended June 30, 2009. The decrease in selling, general and administrative expenses was primarily due to our efforts to reduce overhead expenses.

Included in selling, general and administrative expenses is unallocated corporate overhead of \$5.8 million for three months ended June 30, 2010, compared to \$6.1 million for the three months ended June 30, 2009. As a percentage of consolidated revenue, unallocated corporate overhead was 4.9% for the three month period ended June 30, 2010 and 4.1% for the three month period ended June 30, 2009.

As a percentage of total revenue, selling, general and administrative expenses were 23.2% and 21.2%, for the three months ended June 30, 2010 and 2009, respectively. This increase is primarily due to negative operating leverage.

Bad debt expense

In the three month periods ended June 30, 2010, we reversed \$0.2 million of our reserves for bad debt due to the improved quality of our receivables. In the three months ended June 30, 2009, \$0.2 million was recorded for bad debt expense representing 0.1% of consolidated revenue from services.

Contribution income

Nurse and allied staffing

Contribution income from our nurse and allied staffing segment for the three months ended June 30, 2010, decreased \$1.1 million or 15.5%, to \$6.1 million from \$7.2 million in three months ended June 30, 2009. As a percentage of nurse and allied staffing revenue, segment contribution income was 10.2% for the three months ended June 30, 2010, and 9.2% for the three months ended June 30, 2009. This increase is primarily due to a widening of our bill-pay spread and lower housing expenses as a percentage of revenue, partially offset by negative operating leverage.

Physician staffing

Contribution income from physician staffing for the three months ended June 30, 2010 decreased 10.2% to \$3.7 million, from \$4.1 million in the three months ended June 30, 2009. As a percentage of physician staffing revenue, contribution income was 11.9% in the three months ended June 30, 2010 compared to 10.1% in the three months ended June 30, 2009. The improvement in contribution income as a percentage of revenue is primarily due to lower professional liability expense in the three months ended June 30, 2010 compared to the three months ended June 30, 2009, reflecting a change in mix to lower risk specialties and geographic locations, as well as better than expected loss development.

Clinical trials services

Contribution income from clinical trials services for the three months ended June 30, 2010, decreased \$0.6 million, or 24.9%, to \$1.7 million, from \$2.3 million in the three months ended June 30, 2009. As a percentage of clinical trials services revenue, segment contribution income was 10.8% in the three months ended June 30, 2010 compared to 11.7% in the three months ended June 30, 2009, primarily due to a significant change in the mix of business.

Other human capital management services

Contribution income from other human capital management services for the three months ended June 30, 2010, increased by \$0.5 million, or 142.6%, to \$0.8 million, from \$0.3 million in the three months ended June 30, 2009 primarily due to an increase from our education and training business. Contribution income as a percentage of other human capital management services revenue was 7.3% for the three months ended June 30, 2010 and 3.2% for the three months ended June 30, 2009, primarily reflecting improved performance in our education and training business.

Depreciation and amortization expense

Depreciation and amortization expense in the three months ended June 30, 2010, totaled \$3.2 million as compared to \$3.3 million for the three months ended June 30, 2009. As a percentage of revenue, depreciation and amortization expense was 2.7% for the three months ended June 30, 2010 and 2.2% for the three months ended June 30, 2009.

Interest expense, net

Interest expense, net, totaled \$1.1 million for the three months ended June 30, 2010 and \$1.5 million for the three months ended June 30, 2009. The decrease in interest expense was due to lower average borrowings in the three months ended June 30, 2010, partially offset by a higher average effective interest rate on our borrowings. The effective interest rate on our borrowings was 5.8% for the three month period ended June 30, 2010 and 4.3% for the three month period ended June 30, 2009.

Income tax expense

Income tax expense totaled \$1.1 million for the three months ended June 30, 2010, as compared to \$0.6 million for the three months ended June 30, 2009. The effective tax rate was 47.8% in the three months ended June 30, 2010, compared to 20.9% in the three months ended June 30, 2009. Both periods were impacted by discrete items. Excluding discrete items, the effective tax rate in the three months ended June 30, 2010 was 39.6% compared to 9.3% in the three months ended June 30, 2009. The unusually low tax rate excluding discrete items in the three months ended June 30, 2009 was due to a change in our estimate of permanent book to tax differences.

Revenue from services

Revenue from services decreased \$85.3 million, or 26.3%, to \$239.2 million for the six months ended June 30, 2010, as compared to \$324.5 million for the six months ended June 30, 2009. The decrease was primarily due to a decrease in revenue from our nurse and allied staffing business segment, although all of our business segments contributed to the decrease in consolidated revenue. The decrease in revenue reflects the challenging operating environment all of our business segments have experienced that resulted in decreased demand from our customers.

Nurse and allied staffing

Revenue from our nurse and allied staffing business segment decreased \$59.1 million, or 32.2%, to \$124.5 million in the six months ended June 30, 2010, from \$183.6 million in the six months ended June 30, 2009, primarily due to lower staffing volume.

The average number of nurse and allied staffing FTEs on contract during the six months ended June 30, 2010, decreased 29.1% from the six months ended June 30, 2009. Average nurse and allied staffing revenue per FTE per day decreased approximately 4.1% in the six months ended June 30, 2010 compared to the six months ended June 30, 2009, primarily due to a decline of 2.9% in the average bill rate in our travel staffing operations and a relatively higher mix of per diem staffing operations, which typically has a lower average bill rate than travel staffing due to the mix of healthcare professionals.

Physician staffing

Revenue from our physician staffing business decreased \$16.6 million or 21.0% to \$62.4 million for the six months ended June 30, 2010, compared to \$79.0 million in the six months ended June 30, 2009. The revenue decline reflects decreased demand for our temporary physician staffing services, and in particular, anesthesiology. Physician staffing days filled decreased 17.9% to 40,241 in the six months ended June 30, 2010, compared to the six months ended June 30, 2009. Revenue per day filled for the six months ended June 30, 2010 was \$1,551 a 3.8% decrease from the six months ended June 30, 2009, reflecting an unfavorable change in the mix of specialties.

Clinical trials services

Revenue from clinical trials services decreased \$9.4 million, or 23.3%, to \$31.0 million in the six months ended June 30, 2010, from \$40.4 million in the six months ended June 30, 2009. This decline was primarily due to several clinical research projects that ended in the third quarter of 2009, a decrease in revenue from a specific drug safety contract and a decrease in contract staffing volume.

Other human capital management services

Revenue from other human capital management services for the six months ended June 30, 2010, decreased \$0.1 million, or 0.6%, to \$21.3 million from \$21.5 million in the six months ended June 30, 2009, reflecting a decrease in revenue related to the number of retained searches performed and partially offset by an increase in revenue from our education and training business due to higher seminar attendance.

Direct operating expenses

Direct operating expenses are comprised primarily of field employee and independent contractor compensation expenses, housing expenses, travel expenses and field insurance expenses. Direct operating expenses decreased \$69.1 million, or 28.7%, to \$171.9 million for the six months ended June 30, 2010, as compared to \$241.0 million for six months ended June 30, 2009.

As a percentage of total revenue, direct operating expenses represented 71.9% of revenue for the six months ended June 30, 2010, and 74.3% for the six months ended June 30, 2009. The decrease is primarily due to a change in the business mix among segments, coupled with a widening of the bill-pay spread in our travel staffing operations and lower housing costs.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased \$9.8 million, or 15.1%, to \$55.2 million for the six months ended June 30, 2010, as compared to \$65.0 million for the six months ended June 30, 2009. The decrease in selling, general and administrative expenses was primarily due to our efforts to reduce overhead expenses.

Included in selling, general and administrative expenses is unallocated corporate overhead of \$11.6 million for six months ended June 30, 2010, compared to \$12.0 million for the six months ended June 30, 2009. As a percentage of consolidated revenue, unallocated corporate overhead was 4.8% for the six month period ended June 30, 2010 and 3.7% for the six month period ended June 30, 2009. Share-based compensation, included in unallocated corporate overhead, was \$1.2 million in the six months ended June 30, 2010 and \$0.8 million in the six months ended June 30, 2009.

As a percentage of total revenue, selling, general and administrative expenses were 23.1% and 20.0%, for the six months ended June 30, 2010 and 2009, respectively. This increase is primarily due to negative operating leverage.

Bad debt expense

Bad debt expense was not recorded in the six months ended June 30, 2010, due to the improved quality of receivables. In the six months ended June 30, 2009, bad debt expense was \$0.1 million or less than 0.1% of consolidated revenue.

Contribution income

Nurse and allied staffing

Contribution income from our nurse and allied staffing segment for the six months ended June 30, 2010, decreased \$5.3 million or 30.5%, to \$12.0 million from \$17.2 million in six months ended June 30, 2009. As a percentage of nurse and allied staffing revenue, segment contribution income was 9.6% for the six months ended June 30, 2010, and 9.4% for the six months ended June 30, 2009. This increase is primarily due to a widening of our bill-pay spread and lower housing expenses as a percentage of revenue.

Physician staffing

Contribution income from physician staffing for the six months ended June 30, 2010 decreased 10.6% to \$6.6 million, from \$7.4 million in the six months ended June 30, 2009. As a percentage of physician staffing revenue, contribution income was 10.6% in the six months ended June 30, 2010 compared to 9.3% in the six months ended June 30, 2009. The improvement in contribution income as a percentage of revenue is primarily due to lower professional liability expense in the six months ended June 30, 2010 compared to the six months ended June 30, 2009, reflecting a change in mix to lower risk specialties and geographic locations, as well as better than expected loss development.

Clinical trials services

Contribution income from clinical trials services for the six months ended June 30, 2010, decreased \$1.2 million, or 26.4%, to \$3.3 million, from \$4.5 million in the six months ended June 30, 2009. As a percentage of clinical trials services revenue, segment contribution income was 10.6% in the six months ended June 30, 2010 and 11.0% in the six months ended June 30, 2009. This decrease is primarily due to negative operating leverage.

Other human capital management services

Contribution income from other human capital management services for the six months ended June 30, 2010, increased by \$0.6 million, or 44.4%, to \$1.8 million, from \$1.3 million in the six months ended June 30, 2009 primarily due to an increase from our education and training business, partly offset by a decrease from the retained search business. Contribution income as a percentage of other human capital management services revenue was 8.5% for the six months ended June 30, 2010 and 5.9% for the six months ended June 30, 2009, reflecting improved leverage in our education and training business, partially offset by negative operating leverage in our retained search business.

Depreciation and amortization expense

Depreciation and amortization expense in the six months ended June 30, 2010, totaled \$6.3 million as compared to \$6.7 million for the six months ended June 30, 2009. As a percentage of revenue, depreciation and amortization expense was 2.6% for the six months ended June 30, 2010 and 2.1% for the six months ended June 30, 2009.

Interest expense, net

Interest expense, net, totaled \$2.2 million for the six months ended June 30, 2010 and \$3.2 million for the six months ended June 30, 2009. The decrease in interest expense was due to lower average borrowings in the six months ended June 30, 2010, partially offset by a higher average effective interest rate on our borrowings. The effective interest rate on our borrowings was 5.7% for the six month period ended June 30, 2010 and 4.4% for the six month period ended June 30, 2009.

Income tax expense

Income tax expense totaled \$1.3 million for the six months ended June 30, 2010, as compared to \$3.1 million for the six months ended June 30, 2009. The effective tax rate was 35.4% in the six months ended June 30, 2010, compared to 36.8% in the six months ended June 30, 2009. The lower tax rate in the first half of 2010 was due to certain discrete items, including an immaterial prior year correction related to a tax election we made on behalf of a subsidiary we acquired in 2008 as part of the MDA acquisition. Excluding these items, the effective tax rate in the six months ended June 30, 2010 was 38.7%.

Liquidity and Capital Resources

As of June 30, 2010, we had a current ratio, defined as the amount of current assets divided by current liabilities, of 2.7 to 1. Working capital decreased by \$11.4 million to \$60.3 million as of June 30, 2010, compared to \$71.7 million as of December 31, 2009. The decrease in working capital was primarily due to a decrease in accounts receivable and income taxes receivable. In April 2010, we received a federal tax refund of \$5.6 million substantially related to our election, under the Worker, Homeownership, and Business Assistance Act of 2009, of a five year carryback period for our 2009 taxable net operating loss. This cash, along with cash on hand was used to repay our remaining earnout obligation for our acquisition of MDA.

Net cash provided by operating activities during the six months ended June 30, 2010, was \$23.7 million, compared to \$50.5 million in the six months ended June 30, 2009. The decrease is primarily due to lower collections of accounts receivable in the six months ended June 30, 2010 compared to the six months ended June 30, 2009, primarily due to declining revenues since December 2008. Number of days' sales outstanding decreased by 2 days to 50 days at June 30, 2010, compared to 52 days at December 31, 2009.

Investing activities used \$13.5 million in the six months ended June 30, 2010, compared to \$9.2 million in the six months ended June 30, 2009. In the six months ended June 30, 2010, we used \$12.8 million to pay the final earnout payment due on the MDA acquisition based on 2009 performance. In the six months ended June 30, 2009, we used \$6.7 million to pay the earnout payment related to 2008 performance on our MDA acquisition. An additional \$0.8 million was used primarily to pay the final earnout related to our acquisition of AKOS Ltd. and as well as other acquisition related payments related to MDA. Investing activities also used \$0.7 million and \$1.6 million, respectively, in cash, during the six months ended June 30, 2010 and 2009, for capital expenditures.

Net cash used in financing activities during the six months ended June 30, 2010, was \$8.3 million compared to \$40.1 million during the six months ended June 30, 2009. We repaid, in the six months ended June 30, 2010, a net of \$6.6 million on our total debt, compared to a net of \$40.2 million in the six months ended June 30, 2009. In addition, in the six months ended June 30, 2010, we paid \$1.5 million in debt issuance costs to amend our current Credit Agreement, as discussed in the Credit Facility section. Both periods also included any cash flows relating to the vesting and exercise of share-based payments.

Stockholders' Equity

During the six months ended June 30, 2010 and 2009, we were restricted under our Credit Agreement and we did not make any repurchases of shares of our common stock. Under the remainder of the February 2008 authorization, we can purchase up to an additional 1,441,139 shares, subject to the constraints of the Credit Agreement. At June 30, 2010, we had approximately 31.1 million shares of common stock outstanding.

On May 5, 2010, our shareholders approved an amendment to its 2007 Stock Incentive Plan (Plan) to: (1) increase the number of shares of common stock, par value \$0.0001 per share (Common Stock), of the Company that may be issued under the Plan from 1,500,000 shares to 3,500,000 shares and (2) increase the share sub-limit for awards that are not stock appreciation awards that may be granted pursuant to the Plan from 1,200,000 shares to 1,700,000 shares of Common Stock.

On June 1, 2010, 205,647 shares of restricted stock at a market price of \$8.09 were granted to directors and key employees. In addition, 254,000 stock appreciation rights were granted to key employees at a price of \$8.09 and weighted average valuation per share of \$2.77. Similar to prior grants, the restricted stock vests ratably over a four year period on the anniversary date of the grant. The stock appreciation rights vest 25% per year over a four year period, expire after seven years and can only be settled with stock.

Credit Facility

Our senior secured revolving credit facility entered into on November 10, 2005 was amended and restated as of September 9, 2008 (Credit Agreement) in connection with the acquisition of MDA. The Credit Agreement kept in place an existing \$75.0 million revolving credit facility, maturing in November 2010, and provided for a 5-year \$125.0 million term loan facility with Wachovia Capital Markets, LLC and certain of its affiliates, Banc of America Securities LLC and certain other lenders.

On May 28, 2010, we entered into a first amendment to our Credit Agreement with the lenders party thereto and Wells Fargo Bank, National Association (successor by merger to Wachovia Bank, National Association) as Administrative Agent. The Credit Agreement amendment, among other things, extends the maturity date of the revolving credit facility from November 2010 to September 2013, to be coterminous with the term loan, and reduces the existing revolving credit facility to \$50.0 million, and the sublimit for letters of credit to \$20.0 million. We paid \$1.5 million of financing fees related to this amendment, that have been capitalized as debt issuance costs on the condensed consolidated balance sheet as of June 30, 2010. Debt issuance costs related to this amendment are being amortized on a straight-line basis over the remaining term of the Credit Agreement. In addition, we wrote off an immaterial amount of debt issuance costs related to the reduction of the size of the revolving credit facility.

In addition to the above mentioned changes, the terms of the Credit Agreement were adjusted to reflect customary covenants for similarly leveraged deals. As of June 30, 2010, interest on our revolving credit facility was based on LIBOR plus a margin of 3.50% or Base Rate (as defined by the Credit Agreement) plus a margin of 2.50%. The Company is required to pay a quarterly commitment fee on the average daily unused portion of the revolving loan facility, which, as of June 30, 2010 was 0.625%. The interest rate spreads on our term loans remained unchanged, and as of June 30, 2010 were based on LIBOR plus a margin of 2.00% or Base Rate plus a margin of 1.00%.

The table below summarizes what we believe are the key financial covenants, as defined by the Credit Agreement, as amended, and its corresponding actual performance as of June 30, 2010.

	<u>Requirement</u>	<u>Actual</u>
Maximum Permitted Leverage Ratio (a)	2.50 to 1.00	2.00 to 1.00
Minimum Fixed Charge Coverage Ratio (b)	1.75 to 1.00	10.42 to 1.00
Maximum Capital Expenditures for 2010 (c)	\$16.5 million	\$0.7 million

- (a) Our Leverage Ratio must not be greater than 2.50 to 1.00 for the duration of the Credit Agreement, September 2013.
- (b) Our Fixed Charge Coverage Ratio (as defined by the Credit Agreement) must not be less than: 1) 1.75 to 1.00 through December 31, 2010; 2) 1.50 to 1.00 for the fiscal year 2011; 3) 1.25 to 1.00 for the fiscal year 2012 and 4) 1.15 to 1.00 thereafter.
- (c) Aggregate amount of Capital Expenditures in any fiscal year may not exceed: 1) \$4.0 million in the fiscal year 2010; 2) \$5.0 million in the fiscal year 2011; and \$7.0 million in the fiscal year 2012. However, the limit may be increased in any fiscal year by the amount of Capital Expenditures that were permitted but not made in the immediately preceding fiscal year, which is included in the table above.

Effective with the May 2010 amendment, the limitation on our ability to repurchase our common stock and declare and pay cash dividends on our common stock has been adjusted. The Credit Agreement, as amended, provides for an amount allowed for stock repurchases/dividends subsequent to May 28, 2010, that is the lesser of \$25.0 million and 50% of cumulative Consolidated Net Income (as defined by the Credit Agreement) for each fiscal quarter after March 31, 2010 where financial statements have been delivered; provided, that the Company's Debt/EBITDA ratio (as defined by the Credit Agreement), after giving effect to the transaction, is less than 1.00 to 1.00 and there is \$40.0 million in cash or available cash under its revolving loan facility. However, if the Company's Debt/EBITDA ratio, after giving effect to the transaction is less than 2.00 to 1.00 but equal to or greater than 1.00 to 1.00, and there are no amounts outstanding under the revolving credit facility (other than letters of credit), the allowable amount for repurchases/dividends is \$2.5 million. Our requirement to obtain lender consent for acquisitions has also been adjusted. Effective with the May 2010 amendment, we are required to obtain the consent of our lenders to complete any acquisition which exceeds \$20.0 million or would cause us to exceed \$50.0 million in aggregate cash and non-cash consideration for Permitted Acquisitions (as defined by the Credit Agreement) during the term of the Credit Agreement (excluding the MDA acquisition).

Commitments and Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

The following table reflects our contractual obligations and other commitments as of June 30, 2010:

Commitments	Total	2010	2011	2012	2013	2014	Thereafter
			(Amounts in thousands)				
Senior secured credit facility (a)	\$ 55,769	\$ 2,730	\$ 7,800	\$ 18,330	\$ 26,909	\$ —	\$ —
Capital lease obligations	581	107	158	143	154	19	—
Operating leases obligations (b)	29,767	3,329	6,224	5,718	5,003	2,938	6,555
Purchase obligations (c)	976	440	485	51	—	—	—
Legal settlement (d)	345	—	345	—	—	—	—
	\$ 87,438	\$ 6,606	\$ 15,012	\$ 24,242	\$ 32,066	\$ 2,957	\$ 6,555

- (a) Under our Credit Agreement, we are required to comply with certain financial covenants. Our inability to comply with the required covenants or other provisions could result in default under our Credit Agreement. In the event of any such default and our inability to obtain a waiver of the default, all amounts outstanding under the Credit Agreement could be declared immediately due and payable.
- (b) Represents future minimum lease payments associated with operating lease agreements with original terms of more than one year.
- (c) Other contractual obligations include contracts for information systems, maintenance and support, consulting and other services and application hosting.
- (d) During the fourth quarter of 2009, the Company reached an agreement in principle to settle a class action lawsuit, *Maureen Petray and Carina Higareda v. MedStaff, Inc.*, which settlement remains subject to court approval. In the fourth quarter of 2009, the Company accrued a pre-tax charge of \$0.3 million (\$0.2 million after taxes) related to this lawsuit. We expect the settlement to occur in 2011.

In July 2010, we entered into an agreement to lease 18,000 square feet of space in Pune, India for our in-house information systems and development support services as well as back-office processing services. The agreement is for three years with an option to extend for another two year period. The commitment is to pay approximately \$0.2 million per year, with a total commitment of approximately \$0.7 million. The commencement of the lease will be September 1, 2010.

In July 2010, we renegotiated our lease in Malden, Massachusetts. The new lease, effective July 1, 2010, reduces the space we occupy from approximately 31,662 square feet to approximately 22,767 square feet. In addition, the lease expiration was extended from June 30, 2012 to June 30, 2017, with an option to extend another three years. The revised lease has the effect of reducing our lease payment commitments by \$0.2 million through June 30, 2012. However, the extension through 2017 added \$1.3 million to our total commitment related to this property.

Critical Accounting Principles and Estimates

Our critical accounting principles remain consistent with those reported in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion supplements the detailed information presented in our Annual Report on Form 10-K filed for the year ended December 31, 2009.

Our term loan bears interest at a rate of, at our option, either: (i) LIBOR plus a leverage-based margin or (ii) Base Rate plus a leverage-based margin. Excluding the impact of our interest rate swap agreements, a 1% change in interest rates would have resulted in interest expense fluctuating \$0.3 million and \$0.6 million in the six months ended June 30, 2010 and 2009, respectively. Considering the effect of our interest rate swap agreements a 1% change in interest rates on our variable rate debt would have resulted in interest expense fluctuating approximately \$0.2 million the six months ended June 30, 2009. A 1% change in interest expense considering the effects of the interest rate swap agreements in the six months ended June 30, 2010 would be immaterial.

ITEM 4. CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based upon the evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are designed to ensure that information required to be disclosed in Company reports filed or submitted under the Exchange Act is recorded, processed, summarized, communicated to management, including the Chief Executive Officer and the Chief Financial Officer, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports required under the Exchange Act of 1934, as amended, is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, in order to allow timely decisions regarding any required disclosure.

The evaluation has not identified any changes in the Company's internal controls over financial reporting or in other factors that occurred during the last fiscal quarter that have materially affected or that are reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Maureen Petray and Carina Higareda v. MedStaff, Inc

On February 18, 2005, the Company's MedStaff subsidiary became the subject of a purported class action lawsuit (*Maureen Petray and Carina Higareda v. MedStaff, Inc.*) filed in the Superior Court of California in Riverside County. The lawsuit relates to only MedStaff corporate employees working in California. The claims alleged under this lawsuit are generally similar in nature to those brought by Darrelyn Renee Henry in a lawsuit against the Company, which was dismissed (*Darrelyn Renee Henry vs. MedStaff, Inc., et. al.*).

The lawsuit alleges, among other things, violations of certain sections of the California Labor Code, the California Business and Professions Code, and recovery of unpaid wages and penalties. MedStaff currently has less than 50 corporate employees in California. The Plaintiffs, Maureen Petray and Carina Higareda, purport to sue on behalf of themselves and all others similarly situated, and allege that MedStaff failed, under California law, to provide corporate employees while in on-call status with meal periods and rest breaks, and pay for those missed meal periods and rest breaks; failed to compensate the employees for all hours worked; failed to compensate the employees for working overtime; failed to keep appropriate records to keep track of time worked; failed to pay Plaintiffs and their purported class as required by law. Plaintiffs seek, among other things, an order enjoining MedStaff from engaging in the practices challenged in the complaint and for full restitution of all monies, for interest, for certain penalties provided for by the California Labor Code and for attorneys' fees and costs. On February 5, 2007, the court granted class certification. On October 16, 2008, MedStaff filed a Motion to Decertify the class which was denied on December 19, 2008. Trial was scheduled to occur in the second quarter of 2010; however, in December 2009, the Company reached an agreement in principle to settle this matter. As a result, the Company accrued a pre-tax charge of \$345,000 (approximately \$209,000 after taxes) related to this lawsuit. The final settlement agreement will be subject to court approval.

The Company is also subject to other legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the outcome of these other matters will not have a significant effect on the Company's consolidated financial position or results of operations.

ITEM 1A. RISK FACTORS

There are no material changes to our Risk Factors as previously disclosed in our Form 10-K for the year ended December 31, 2009.

ITEM 6. EXHIBITS

See Exhibit Index immediately following signature page.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CROSS COUNTRY HEALTHCARE, INC.

Date: August 5, 2010

By: /s/ EMIL HENSEL
Emil Hensel
Chief Financial Officer and Director
(Principal Financial Officer)

Date: August 5, 2010

By: /s/ DANIEL J. LEWIS
Daniel J. Lewis
Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT INDEX

<u>No.</u>	<u>Description</u>
<u>10.1</u>	Lease Agreement, dated July 1, 2010, between Goldberg Brothers Real Estate LLC and MCVT, Inc.
<u>10.2</u>	Leave and License Agreement, dated July 28, 2010, between Subhash Gaikwad, Hindu Undivided Family and Crosscountry Infotech Pvt. Ltd.
<u>31.1</u>	Certification pursuant to Rule 13a-14(a) and Rule 15d-14 (a) by Joseph A. Boshart, President and Chief Executive Officer
<u>31.2</u>	Certification pursuant to Rule 13a-14(a) and Rule 15d-14 (a) by Emil Hensel, Chief Financial Officer
<u>32.1</u>	Certification pursuant to 18 U.S.C. Section 1350 by Joseph A. Boshart, Chief Executive Officer
<u>32.2</u>	Certification pursuant to 18 U.S.C. Section 1350 by Emil Hensel, Chief Financial Officer

July 1, 2010

LEASE AGREEMENT

MCVT, Inc./Goldberg Brothers Real Estate LLC

40 Eastern Avenue, Malden, Massachusetts 02148

This lease is made and shall be effective this 1st day of July, 2010 by and between the Goldberg Brothers Real Estate LLC, a Delaware Company, Steven J. Goldberg and William H. Goldberg, Co-Managers, whose current business address is 7 Rantoul Street, Suite 100 B, Beverly, Massachusetts, 01915, ("Landlord") and MVCT, Inc., a Delaware Corporation, whose current business address is 40 Eastern Avenue, Malden, Massachusetts, 02148-9104, ("Tenant") and shall bind and inure to the benefit of their respective representatives, successors and assigns.

Tenant hereby attests, warrants and affirms that Edward R. Spadoni, President has the authority to execute this Lease on behalf of Tenant and bind Tenant to the terms hereof.

Landlord hereby attests, warrants and affirms that Steven J. Goldberg and William H. Goldberg, as Co-Managers have the authority to execute this Lease on behalf of Landlord and bind Landlord to the terms hereof.

1. PREMISES:

In consideration of the rent to be paid by Tenant, Landlord hereby does let, lease and demise unto Tenant 22,767+/- square feet of commercial space, ("the Leased Premises") situated within the building addressed 30-40 Eastern Avenue, Malden, Massachusetts, 02148, (the "Building") together with the right to use in common with others entitled thereto, the Building's common utility pipes, utility service connections, area entrances and exits, access ways for the purpose of providing utility and other services and access to and from the Leased Premises, providing such uses do not unreasonably interfere with other Tenant's normal business operations.

Landlord shall be 100% responsible to ensure the building is reasonably ADA compliant.

Landlord shall be responsible for the cost to meet all code requirements applicable to the building unless said code requirements changes is due to Tenant's density of personal or installation of equipment specific to Tenant's business needs that triggers updating and/or expansion of the buildings safety or monitoring equipment.

The Leased Premises are specifically identified with type of use permitted hereby with respect to each unit and useable square footage as follows:

Unit	Square footage	
F-104a	1,262 +/- Sq Ft	Computer use
S-201	10,051 +/- Sq Ft	Office use
T-301	10,051 +/- Sq Ft	Office use
B-101	1,200 +/- Sq Ft	Storage use
BB-101	203 +/- Sq Ft	Storage use

Tenant's total useable office area is 20,102+/- Square Feet.

Tenant's total useable computer area is 1,262+/- Square Ft.

Tenant's total useable storage area is 1,403+/- Square Feet.

Tenant's useable square footage was determined by measuring to the centerline of all of Tenant's exterior/perimeter walls and includes Tenant's proportional share of the common areas of this building.

2. TERM AND BASE RENT:

Tenant covenants and agrees to pay rent to Landlord at Landlord's mailing address (Goldberg Brothers Real Estate LLC, 7 Rantoul Street, Suite 100 B, Beverly, Massachusetts, 01915) or to such person or entity at such other address as Landlord may from time to time direct in writing. All monetary payments to Landlord are to be made payable to the **Goldberg Brothers Real Estate LLC**.

Tenant's lease term is for a seven year period commencing July 1, 2010 and expiring June 30th 2017.

Tenant shall pay Landlord a MINIMUM base rent of Two Million One Hundred and Sixty One Thousand One Hundred and Eighty Five U.S. Dollars (\$2,161,185.93) and Ninety-Three Cents payable in monthly installments as follows;

	Monthly	Annually
07/01/10 - 06/30/11	\$ 25,017.70	\$ 300,212.40
07/01/11 - 06/30/12	\$ 25,017.70	\$ 300,212.40
07/01/12 - 06/30/13	\$ 25,017.70	\$ 300,212.40
07/01/13 - 06/30/14	\$ 25,017.70	\$ 300,212.40
07/01/14 - 06/30/15	\$ 25,017.70	\$ 300,212.40
07/01/15 - 06/30/16	\$ 27,533.08	\$ 330,396.97
07/01/16 - 06/30/17	\$ 27,533.08	\$ 330,396.97
Lease Term Total Base Rent:		\$ 2,161,185.93

Tenant's rental payment was determined as follows:

Sq Ft	Type	Rent PSF	Mo. Rent	Yearly Rent
20,102	office	\$ 13.4930	\$ 22,603.02	\$ 271,236.29
1,262	Computer	\$ 13.4930	\$ 1,419.01	\$ 17,028.17
1,403	Storage	\$ 8.5160	\$ 995.67	\$ 11,948.00
			\$ 25,017.70	\$ 300,212.40

However, Landlord expressly agrees, Tenant's monthly base rental payment for the June 1 2017 – June 30, 2017 period shall be reduced by Seventeen (\$17,000.00) Thousand Dollars.

In addition to the above base rental obligations, Tenant on the first of each month for the period July 1, 2010 – December 31, 2010 shall pay Landlord as additional rent for the use of the 8,957+/- square feet of first floor office space within Office Suites F-101, F-102, F-103 and F-104 a total Sixty Thousand Four Hundred and Twenty Eight (\$60,428.40) dollars and Forty Cents payable in monthly installments of Ten Thousand Seventy One dollars (\$10,071.40) and Forty Cents.

Notwithstanding the above, should Landlord during the rental period of 7/1/10 – 12/31/10 lease any of these first floor office suites to a third party, then Tenant's rental obligations to Landlord shall be reduced by same amount of rental payment Landlord receives from the third party Tenant(s) for this 7/1/10 – 12/31/10 rental period less Landlord's actual out of pocket monetary payments to third parties for real estate commission and or legal costs (transactional costs) to lease these office suites.

All Base Rent shall be due on the first day of each month in advance. If this lease shall commence on any day other than the first day of the month, then that month's Base Rent shall be pro-rated so all future monthly rents will be due on the first of the month.

Tenant shall immediately pay to Landlord a penalty of One Hundred (\$100.00) Dollars each time that Tenant issues and delivers to Landlord a check or draft that is not honored for any reason or returned for insufficient funds by Tenant's financial institution. If Tenant does not pay this penalty and replace said "bounced check" within Ten (10) days of written notification from Landlord then such inaction by Tenant shall be considered a material breach of this lease which may result in its early termination.

Should Landlord not receive Tenant's monthly rental Payment "in hand" on or before the 10th day of the month, then Tenant shall pay to Landlord as additional rent, a late penalty fee of Five Hundred (\$500.00) dollars. If Tenant does not pay this late fee and past due rent within Ten (10) days after Tenant's receipt of written notification from Landlord, such inaction by Tenant shall be considered a material breach of this lease which may result in its early termination.

3. OPTION TO EXTEND LEASE TERM:

Tenant shall have the right to extend the Lease Term with respect to all space leased hereunder for one additional THREE (3) year term (07/01/17 – 06/30/20, the "Option Period") provided Tenant meets and adheres to the following conditions:

- A: Tenant sends and Landlord receives **"in hand"** on or before 5:00 PM October 1 2016 written notice via certified mail, return receipt requested or by nationally-recognized overnight delivery service providing a receipt for delivery, a notice evidencing Tenant's intent to exercise Tenant's right to extend the Lease Term for the Option Period.
- B: At the time of exercising this option, Tenant must be in conformance and in good standing in all material aspects, obligations and conditions under this lease.
- C: During the Option Period, all terms, covenants, conditions and provisions of this Lease shall remain in full effect and force except Tenant's Monthly Base Rent during this Option Period shall be the then "Current Market Rent" for the Leased Premises less five (5.00%) percent.

The phrase "Current Market Rent" shall mean the rental and all other monetary payments and escalations that Landlord could obtain from a third party desiring to lease space in the Malden Commercial Market for the period July 1, 2017 through June 30, 2020, taking into account the type of building, the size, use, location, floor levels and then condition of the demise premises, the quality of construction of the building and of the demised premises, the services provided under the terms of the proposed lease, including without limitation any special rights there under, the rental then being attained for new leases of space comparable to the demised premises in the Malden commercial market and all other factors that would be relevant to a third party desiring to lease the demised premises; provided however that no reduction, deduction or allowance for the construction of lessee improvements shall be taken into account in determining Current Market Rent. Upon Tenant's election to extend the Lease term, on or before July 1, 2016, Landlord may, at its election, initially designate "Current Market Rent" by written notice to Tenant, this notice shall be accompanied by data to support such designation (the "Designation"). If Tenant disagrees with the Designation, Tenant shall notify Landlord within fifteen (15) days after such Designation, of such disagreement in writing.

In the event that the parties hereto disagree as to the Current Market Rent, each party shall, within thirty (30) days after the date of notice by Tenant, appoint an appraiser. Each appraiser so appointed shall be instructed to determine independently the Current Market Rent for the option term. If the difference between the amounts so determined by such appraisers shall not exceed ten percent (10%) of the lesser of such amounts, then the Current Market Rent shall be an amount equal to fifty percent (50%) of the combined total of the amounts so determined. If the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two (2) appraisers shall have ten (10) days thereafter to appoint a third appraiser, but if such appraisers fail to do so within such ten (10) day period, then either Landlord or Tenant may request the American Arbitration Association or any successor organization thereto to appoint an appraiser within ten (10) days of such request, and both Landlord and Tenant shall be bound by any appointment so made within such ten (10) day period. If no such appraiser shall have been appointed within such ten (10) days either Landlord or Tenant may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed by the original appraiser, by the American Arbitration Association or by such court shall be instructed to determine the Current Market Rent in accordance with the definition of such term contained herein and within twenty (20) days after its appointment. If the third appraisal shall exceed the higher of the first two (2) appraisals, the Current Market Rent shall be the higher of the first two (2) appraisals; if the third appraisal is less than the lower of the first two (2) appraisals, the Current market rent shall be the lower of the first two (2) appraisals. In all other cases, the Current Market Rent shall be equal to the third appraisal. All such determinations of the Current Market Rent shall be final and binding upon Landlord and Tenant as the Current Market Rent for the applicable effective date. Notwithstanding the foregoing, if either party shall fail to appoint its appraiser within the thirty (30) day period specified above (such party being referred to herein as the "failing party"), the other party may serve notice on the failing party requiring the fail party to appoint its appraiser within ten (10) days of the giving of such notice. If the failing party shall not respond by appointment of its appraiser within said ten (10) day period, then the appraiser appointed by the other party shall be the sole appraiser whose determination of the Current Market Rent shall be binding and conclusive upon Landlord and Tenant. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. Each party shall pay for the fees and expenses of the appraiser appointed by it, but the fees and expenses of the third appraiser shall be shared equally by the parties. All appraisers appointed hereunder shall be MAI appraisers, so-called.

4. HOLD-OVER BY TENANT:

In the event that Tenant fails to deliver up the Leased Premises to Landlord at the end of the Lease Term in accordance with the terms hereof, Tenant shall be liable to Landlord for all of the following, without set off or reduction in any manner:

- A:** All of Landlord's actual damages resulting from such hold-over as supported by reasonable written documentation evidencing such damages;
- B:** A penalty equal to one and one-half (1 1/2) times Tenant's then daily calculated rental rate per day for each day, or portion of a day, after the date on which this Lease terminates during which Tenant or its employees or agents occupies any portion of the Leased Premises. Tenant shall be deemed to occupy the Leased Premises under either of the following circumstances: (1) the presence in the Leased Premises of the Tenant or Tenant's employees or agents, (2) the material presence in the leased premises or portions thereof of furniture or equipment belonging to the Tenant or its employees or agents.
- C:** Any additional relief awarded to the Landlord in any judicial proceeding regarding this Lease or Tenant's occupation of the Leased Premises.

5. REAL ESTATE TAXES:

For the period January 1, 2010 – December 31, 2010, Tenant agrees to pay to Landlord within thirty (30) days of receipt of notice thereof EIGHTY TWO AND FORTY FIVE Hundredths percent (82.45%) of any increase in the real estate taxes over Tenant' Base Real Estate Taxes for the property addressed 30-40 Eastern Avenue, Malden, MA, 02148, (the Property). Landlord warrants and represents that the Leased Premises contains no less than EIGHTY TWO AND FORTY FIVE Hundredths (82.45%) percent of the total square footage of the Building.

The Base Real Estate Taxes for the period January 1 2010 to December 31, 2010 shall be the \$44,135.99 in real estate taxes assessed by the City of Malden for the 2005, (July 1, 2004 - June 30 2005) fiscal tax year.

For the period January 1, 2011 – June 30, 2012, Tenant agrees to pay to Landlord within thirty (30) days of receipt of notice thereof FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of any increase in the real estate taxes over Tenant' Base Real Estate Taxes for the property addressed 30-40 Eastern Avenue, Malden, MA, 02148 (the Property). Landlord warrants and represents that the Leased Premises contains no less than FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of the total square footage of the Building.

The Base Real Estate Taxes for the period January 1, 2011 to June 30th 2012 shall be the \$44,135.99 in Real Estate taxes assessed by the City of Malden for the 2005, (July 1, 2004 - June 30 2005) fiscal tax year.

For the period JULY 1, 2012 – June 30, 2017, Tenant agrees to pay to Landlord within thirty (30) days of receipt of notice thereof FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of any increase in the real estate taxes over Tenant' Base Real Estate Taxes for the property addressed 30-40 Eastern Avenue, Malden, Massachusetts, 02148 (the Property). Landlord warrants and represents that the Leased Premises contains no less than FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of the total square footage of the Building.

The Base Real Estate Taxes for the period July 1st 2012 to June 30th 2017 shall be the taxes assessed by the City of Malden for the 2012, (July 1, 2011 - June 30 2012) fiscal tax year.

In the event of any abatement of real estate taxes at any time, Landlord shall immediately notify Tenant in writing and Tenant's real estate tax payment due hereunder shall be reduced or if already paid in full for the relevant period, the difference between the amount so paid by Tenant and the amount due shall be reimbursed to Tenant within thirty (30) days after Landlord receives such abatement. Landlord shall be entitled to deduct from the whole of the taxes abated Landlord's reasonable expenses, including reasonable professional fees spent by Landlord in the obtaining of such abatement, in calculating any adjustment in the amount due from Tenant or to be refunded to Tenant under this provision.

Landlord shall provide Tenant complete detail of any expenses of Landlord in procuring said abatement.

Tenant is fully responsible for taxes assessed on Tenant's personal property and equipment within the Leased Premises.

6. OPERATING EXPENSE ESCALATIONS:

For the period January 1, 2010 – December 31, 2010, Tenant shall pay to Landlord as additional rent hereunder when and as designated by notice in writing by Landlord, EIGHTY TWO AND FORTY FIVE Hundredths percent (82.45%) of any increase in Landlord's operating expenses over those incurred during the calendar year period commencing January 1, 2005 and ending December 31, 2005, which for the above reference time period shall be Tenant's base year (referred to herein as the "Base Year").

For the period January 1, 2011 – June 30, 2012, Tenant shall pay to Landlord as additional rent hereunder when and as designated by notice in writing by Landlord, FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of any increase in Landlord's operating expenses over those incurred during the calendar year period commencing January 1, 2005 and ending December 31, 2005, which for the above reference time period shall be Tenant's base year (referred to herein as the "Base Year").

For the period July 1, 2012 – June 30, 2017, Tenant shall pay to Landlord as additional rent hereunder when and as designated by notice in writing by Landlord, FIFTY NINE AND TWENTY NINE Hundredths percent (59.29%) of any increase in Landlord's operating expenses over those incurred during the calendar year period commencing January 1, 2012 and ending December 31, 2012, which for the above reference time period shall be Tenant's base year (referred to herein as the "Base Year").

For this provision, operating expenses are defined as all reasonable expenses of Landlord in the maintenance, repair and operation and management of the property for the benefit or protection of all property, Tenants and Owners thereof consistent with past practices.

Capital improvements, reimbursed expenses, interest, and expenses related to mortgaging of the Property or extension of any mortgage financing shall not be considered operating expenses under this provision. Additionally operating expenses shall also exclude any costs related to leasing or marketing of vacant office space and any costs reimbursed by Tenant.

For calculating Landlord's annual operating expenses for the Property. Landlord's operating expenses shall include, but are not limited to, the following categories with descriptions:

Heat:

Fuel necessary to heat the entire Building.

Hot Water:

Fuel necessary to provide hot water to all bathroom areas within the Building.

Air Conditioning:

Electric power necessary to air condition all applicable interior areas of the Building, unless served by a separate system maintained by any Tenant.

City Water and Sewage:

Public water and sewage charges for the property.

Off-Street Parking:

Cost to rent and maintain all parking lot(s) used by all Tenant's of the Property.

Landscaping:

Costs for grass cutting, shrub maintenance, tree pruning, watering, etc.

Exterior Maintenance:

Costs for maintaining and repairing all exterior areas of the property.

Snow Removal:

Costs to shovel, plow, sand, salt, and remove said snow off-site from the parking lots and exterior common entryway areas servicing this property.

Common Area Janitorial:

Costs to clean and maintain the interior common areas of the Building.

Common Area Janitorial Supplies:

Costs of all supplies and materials to clean and maintain the interior common areas of the Building.

Rubbish:

Cost to remove all rubbish and debris off-site from the Building and rental fees for a dumpster(s) for use by all Tenants or by Landlord in maintaining the Building.

On-Line Alarm System:

Cost of maintaining, repairing and monitoring as necessary all electronic common area security systems for the protection of the common areas of the Building.

On-Site Security Person:

Costs of providing one (1) on-site security person from 4:30 P.M. to 8:30 P.M. (four hours per business day) Monday through Friday excepting holidays from October 1st of each calendar year through March 31st in the following calendar year.

Insurance:

Cost of obtaining reasonable property insurance and liability insurance primarily protecting the Building, the Property and its owners.

Energy Management System(s):

Cost of the maintenance, repairing and monitoring as necessary the energy management system which serves the entire building.

Professional Fees:

Costs reasonably incurred for the reporting of taxes and legal fees and other reasonable fees associated with the on-going operations of the Building and Property.

Elevator:

Costs of the contractual maintenance, all inspection fees and necessary repairs for the elevator serving the Building.

Repairs and Maintenance:

Costs under contractual agreements or otherwise to maintain and repair all physical, mechanical, electrical, HVAC or other systems serving the entire property.

Within thirty (30) days of Landlord billing Tenant for reimbursement from Tenant for any expenses described above, Tenant shall have the right, with written notice to Landlord, to request Landlord provide Tenant reasonable written evidence detailing any expenses billed to Tenant.

Should this lease be in effect with respect to only a portion of any calendar year, Tenant's responsibility under this provision shall be pro-rated to accurately reflect Tenant's precise period of occupancy when calculating any monies Tenant may owe to Landlord under this provision.

Tenant's obligations to pay operating expenses as additional rent for Tenant's period of occupancy in Tenant's final lease year shall survive the expiration of the Lease Term.

On or about February 1st of each year, Landlord shall provide Tenant with the previous year's operating expense and real estate tax amounts.

Tenant shall pay Landlord any amount owed under this provision within thirty (30) days of receipt of the bill from Landlord and any such amount owed shall be considered additional rent under this lease.

Tenant, by written request to Landlord, within one year of the date of invoice shall have the right to reasonably audit Landlord's books pertaining to the expense(s) within said invoice to verify the accuracy of the monies Landlord had billed Tenant.

Tenant shall be responsible for all audit expenses.

7. JANITORIAL SERVICES:

Landlord will provide Tenant the following janitorial services with supplies:

DAILY: (Monday - Friday but excluding holidays)

1: OFFICES:

- a: Empty all trash receptacles. Change liners as necessary.
- b: Wipe and dust all furniture surfaces.
- c: Vacuum all carpet surfaces, paying particular attention to corners edges and under exposed furnishings.
- d: Sweep and vacuum all non-carpeted floors.
- e: Wipe down all finger prints off doors and door frames.
- f: Remove Rubbish to designated disposal area.

2: KITCHEN:

- a: Wipe down all tables and chairs.
- b: Wipe down all cabinets and counters.
- c: Clean sink area.
- d: Wipe down all appliances, including the interior of microwave.
- e: Sweep and wash flooring.

3: BATHROOMS:

- a: Clean and disinfect all bathroom fixtures.
- b: Replenish supplies (paper towels, toilet paper, soap, etc.)
- c: Wipe down walls and paper dispensers.
- d: Sweep and wash flooring using a disinfectant solution.
- e: Empty all waste receptacles, change liners daily.
- f: Clean and polish all mirrors and bright work.

WEEKLY:

- a: Wash all non-carpeted flooring. Tenant is responsible to remove all paper products and/or other belongings that could be reasonably determined to be damaged if the Cleaning Service washes and/or waxes Tenant's "Mail room" flooring.
- b: Wipe and clean all glass wall inserts.
- c: Police/clean debris from rear lot and front sidewalk.

QUARTERLY:

- a: Wax all non-carpet floor areas:

YEARLY:

- a: Vacuum all ceiling vents.
- b: Dust all ceiling light fixtures.

The above described janitorial services shall be performed for Tenant's 2nd and 3rd floor lease premise office areas. Landlord shall be responsible for all common area janitorial services.

Any and all additional janitorial services shall be at Tenant's expense and shall be scheduled through Goldberg Properties Management Inc.

Landlord solely reserves the right, at any time, to change cleaning services, if in Landlord's reasonable determination such change is appropriate, after notice to Tenant of the proposed change. At any time after such change, Tenant shall have the option, exercised by notice to Landlord, to cause to be performed Landlord's janitorial obligations within the Leased Premises as set forth above, by a contractor or service of Tenant's selection, at Tenant's expense. In the event Tenant so elects, the rent for the entire Leased Premises shall be decreased by \$1.00 per square foot of office space therein, for the then remainder of the Lease Term.

Janitorial Expense Escalations:

To accurately reflect Landlord's and Tenant's agreement pursuant to Section 6 and as Landlord is providing interior Lease Premises janitorial services only to Tenant, Tenant shall pay to Landlord as additional rent hereunder one hundred (100.00%) percent of any increase in Landlord's reasonable costs for performing the above described janitorial services over those costs incurred during the base Year, provided that this provision shall not apply to any services or supplies associated with (i) common area janitorial services or (ii) services provided benefitting other tenants of the Building.

Notwithstanding the above, Tenant shall be responsible also for its proportional share pursuant to Section 6 of any increase in reasonable costs for the janitorial expenses associated with the common areas of this property.

8. COMMON AREAS:

Tenant shall have the shared right of use and access to the common area bathrooms, staircases, hallways, elevators, lobbies, driveway, parking lot(s) etc., within and outside of the Property. Tenant understands this right shall be contingent upon Tenant not being in material default under the terms of this Lease.

9. PARKING:

Landlord, at no charge shall provide Tenant three (3) parking spaces per 1,000 sq ft or portion thereof of office space Tenant Leases. However, Tenant understands this does not include the computer room, basement or storage areas.

Upon Tenant executing this Lease Agreement, Tenant shall now be leasing 20,102+/- square feet of office space. Accordingly, Landlord shall provide to Tenant sixty (60) parking spaces at no base charge to Tenant. These parking spaces shall be within the rear parking lot, the MBTA parking lot or any other parking lot within five hundred (500) feet of the Property.

Tenant understands that Landlord shall have the right to allocate which parking spaces Tenant shall have use of. Tenant further agrees, should Landlord request it, to provide Landlord registration number, year, color and make of the cars which will be using Tenant's parking spaces.

Notwithstanding the above, Tenant shall have the exclusive right to use the corresponding percentage of parking spaces in the rear lot to the percentage of the building Tenant occupies. Said calculation shall not include the parking spaces in this lot exclusively allocated to customer/visitor parking.

During this lease term, Tenant shall reimburse Landlord as additional rent, on a monthly basis, Landlord's costs to lease, on Tenant's behalf, from the Malden Redevelopment Authority THIRTY (30) parking spaces in the lower parking lot immediately behind the lease premises. Currently the MRA price to Landlord for these parking spaces is \$55.00 per parking space per month.

10. PERMITTED USE:

Tenant covenants and agrees that Tenant shall occupy and use the Leased Premises throughout the Lease Term or any renewals or extensions thereof, including any period of holding over, only for professional or general office use.

11. TENANT'S ADDITIONAL COVENANTS:

Tenant covenants and agrees at Tenants sole cost and at all times during the course of the Lease Term and any such future terms of occupancy by Tenant of the Leased Premises or any part thereof:

- A. To conduct Tenant's business at all times in a professional and reputable manner.
- B. To comply with all governmental rules and regulations related to the storage and disposal of refuse; to store all trash and refuse within the Leased Premises or within the dumpster located in the rear parking lot area of the Property.

After each use of the dumpster, Tenant shall make sure the wooden gate accessing this dumpster is closed and secured. Tenant, further agrees to place Tenant's trash and refuse only inside the dumpster and not on the ground around said dumpster.

Tenant's use of this dumpster is for reasonable use only (normal daily business operations, which term shall specifically exclude disposal of any furniture or bulk items). If Tenant's use becomes unreasonable as reasonably determined by Landlord, then Tenant shall reimburse Landlord for such excess use.

- C. Not to use the Leased Premises in a manner which shall be unlawful, improper, noisy, odorous or offensive to the other Tenants within the Building and not to use the Leased Premises in any way that shall be contrary to any law or any municipal by-law of the City of Malden. Tenant agrees that Landlord has made no representation or warranties with respect to the Tenant's intended use of the leased premises.
- D. To comply promptly with all applicable laws, rules, regulations, ordinances, requirements, or orders of public authorities, the Board of Fire Underwriters, and similar organizations except when the Landlord is responsible for compliance therewith under the terms and conditions of this Lease.
- E. Not to make any use of the Leased Premises which shall invalidate or increase the cost of the Landlord's insurance, nor use any advertising medium which may constitute a nuisance; nor do any act tending to injure the reputation of the property.
- F. To be responsible for all maintenance and repairs within the interior of the Leased Premises. Landlord shall be responsible for structural repairs and any equipment that is the Landlord's obligation to maintain pursuant to Section # 14. Tenant's responsibility shall include without limitation, electrical, plumbing, windows, doors, and any interior improvements serving the Leased Premises exclusively. At the end of Tenant's occupancy, Tenant shall surrender the Leased Premises in the same condition as at the commencement of Tenant's occupancy, reasonable wear and tear only excepted.
- G. Not to overload or deface the Leased Premises.
- H. To save harmless and to indemnify Landlord from and against any and all liability, costs and expenses for damages, losses, injuries, or death to persons or losses to property as a result of Tenant's occupation of the Leased Premises excepting only those arising from any omission, negligence or willful misconduct of Landlord or its employees, vendors, other Tenant's or Agents, such indemnification to include Landlord's reasonable attorney's fees and costs. Tenant agrees to maintain commercial general liability insurance on the Leased Premises protecting both Landlord and the Tenant, and shall furnish the Landlord a certificate showing such to Landlord on an annual basis a certificate showing such insurance to be in force. The amount of such public liability insurance shall be a minimum of \$1,000,000.00 dollars per occurrence and \$2,000,000.00 in the aggregate.
In addition, Landlord recommends this policy have a plate glass and door endorsement, for the Tenant is responsible for repairing and replacing any broken glass, doors and frames within or providing access to the Leased Premises which for any reason may occur other than by Landlord's fault.
- I. To understand and agree Tenant's furnishings, fixtures, equipment, effects, and property of every kind, in the Building shall be at the sole risk and hazard of Tenant. If all or any part thereof shall be destroyed or damaged by fire, water, or any other casualty, or by leakage or bursting of water pipes, or any other pipes, by theft or from other cause, no part of such loss is to be charged to or be borne by Landlord unless such damage was caused by the negligence or willful misconduct of Landlord.
- J. Not assign this lease, nor sublet in whole or any portion of the Leased Premises, nor permit the use of all or any part of the Leased Premises by persons other than the Tenant, its servants and agents, without the written consent of the Landlord. Any such assignment, sublease or permission to occupy without such consent shall be a material breach of this Lease by Tenant, and at the option of the Landlord, entitle Landlord to terminate this Lease. Landlord's permission to assign, sublease or permit occupancy of the Leased Premises by others shall not be unreasonably withheld or delayed.

Any assignment to any parent, subsidiary or affiliate of Tenant shall not be deemed as assignment hereunder for purposes of requiring Landlord's approval. Affiliate shall mean any business entity controlling, controlled by or under common control with Tenant, and any entity or person which may come to own a controlling portion (fifty one percent 51%) or more of Tenant's assets or the ownership interest in Tenant.

Notwithstanding the above, neither Tenant nor any assignee, whether or not an Affiliate shall be relieved of Tenant's obligations hereunder, as a result of any such assignment, sublease or permission to occupy the Leased Premises.

If either Tenant or Landlord engages a real estate broker to procure a substitute Tenant or Subtenant in accordance with the terms hereof to lease any or all of the 22,767 sq ft of commercial space Tenant is leasing, Tenant shall be responsible for the real estate commission payable to such real estate broker on account of such substitute Tenant's or Subtenant's occupancy of the Leased Premises (or any portion thereof) for the period commencing as of the effective date of such assignment or sublease through the last day of the term of this Lease Term. Thereafter, Landlord shall be reasonably responsible for the remaining portion of said standard and reasonable real estate commission.

- K. Not to make any alterations, installations, (other than trade fixtures) or additions to the Leased Premises, nor permit the painting, or placing of signs, awnings, flagpoles, or various types of advertisement media or the like in, or about the Leased Premises, without on each occasion obtaining the prior written permission of Landlord, which shall not be unreasonably withheld or delayed.
- L. To pay promptly when due, excluding the \$12,000.00 credit provided by Landlord, the entire cost of any alterations or improvements, including the lobby area sight window, painting of lobby area walls and common area directory signage, in the Leased Premises undertaken by Tenant and to bond against or discharge any liens for labor or materials in connection therewith within thirty (30) days after a request by Landlord; to procure all necessary permits before undertaking such work; and to do all such work in a good and workmanlike manner, employing materials equal in quality to those used in Landlord's work and to comply with all governmental requirements in connection with such improvements.
- M. To discharge (by payment or by filing of the necessary bond or otherwise) any mechanics, materialman's or other liens against the Leased Premises or the Landlord's interest therein, which liens may arise out of any payments due, or purported to be due, for any labor, services, materials, supplies, or equipment alleged to have been furnished to or at the request of Tenant in, upon, or about the leased premises.
- N. Upon Landlord providing Tenant reasonable oral notice (not less than 24 hours in advance), to permit Landlord during business hours to enter to view the Leased Premises or to show the same to prospective purchasers, lenders, Tenants, agents of Landlord, or repair personal. If an emergency arises, in Landlord's reasonable determination, Landlord shall have the right of access at any time to rectify such emergency.
- O. To remove at the termination of this Lease or occupation of the Leased Premises, all Tenant's goods and effects from the Leased Premises which are not the property of the Landlord, and to yield up to Landlord the Leased Premises with all keys and locks. The Leased Premises shall be in the same condition as at the commencement of this Lease or as altered/built out during the course of the Lease, reasonable wear and tear only excepted. Landlord shall have the right to treat any remaining property as abandoned and to dispose of such property at Tenant's expense in any manner the Landlord deems fit.
- P. To permit Landlord without molestation to install reasonable "for lease" sign(s) within Tenant's windows NINE (9) months prior to the end of the Lease Term. Landlord covenants to remove said sign(s) upon Landlord's leasing of the Leased Premises.
- Q. To pay when due all electricity separately metered to Leased Premises, telephone, and other charges payable on account of Tenant's use of utilities in the Leased Premises.

12. LANDLORD'S IMPROVEMENTS

Landlord shall provide to Tenant an allowance of Twelve Thousand Dollars (\$12,000.00) towards work within the Leased premises.

Landlord and Tenant shall cooperate and work together to complete any and all improvements to the Building during the Lease Term in a reasonable, timely, workmanlike and quiet fashion.

Landlord shall charge Tenant standard overtime rates should Tenant request Landlord to work within the Lease Premises before or after normal business hours, defined herein as 7:30 AM to 4:00 PM Monday through Friday excepting holidays.

Any built-in improvements installed for Tenant shall, at Landlord's option, remain part of the Leased Premises at the termination of this Lease or shall be removed at Tenant's expense.

Goldberg Properties Management Inc. shall be the General contractor for all Work to the Lease Premises which physically or permanently alters any portion of the Property or requires a building permit issued by the City of Malden's Building Department or any associate City Department. However, Tenant shall have the right to seek alternative quotes from other licensed Contractors. Tenant may select an alternative contractor's quote if such quote equals or exceeds a seven & half percent (7.50%) reduction from Landlord's quote and Landlord declines to match such alternative quote within forty-eight (48) hours after receiving a copy of such alternative contractor's quote from Tenant.

If Tenant's contractor is selected to performed this bid work, then Tenant's contractor, shall additionally adhere to the following conditions:

- 1: Contractor shall provide to Landlord prior to commencement of any work at the Property evidence of appropriate workman compensation insurance coverage and Liability Insurance Coverage (Minimum of One Million Dollars) by an Insurance Company licensed to provide such insurance within the Commonwealth of Massachusetts.
- 2: Contractor shall only use materials equal to or that exceeds the quality of materials already in place. Contractor shall further make all reasonable efforts to match all existing materials in place.

Tenant understands that any licensed contractor selected by Tenant other than Goldberg Properties Management Inc. shall be considered an agent of the Tenant. Therefore, Tenant shall be liable and responsible for all actions or inactions on the part of Tenant's contractor while within or on the Property.

13. SMOKING POLICY

The Building shall be a **SMOKE FREE** building. At no time shall Tenant's employees smoke inside any interior area of the Property. Tenant's employees shall smoke only in Landlord designated exterior area(s). Tenant shall be responsible for policing and picking up all improperly discarded cigarette butts in the designated smoking areas.

Landlord shall make good faith efforts to enforce a smoke free policy within the building against all Tenants.

14. LANDLORDS COVENANTS:

A. Landlord covenants and agrees to maintain in good repair the roof and the structural integrity of the Building, the common areas, internally and externally in and about the Building, all heating, ventilation and air conditioning units and all other equipment located exterior to, but serving the Building and the Leased Premises and all electrical and plumbing systems which do not exclusively serve the Leased Premises. However, if any damage arises from Tenant or Tenant's employees, vendors, agents' or customers' misuse, Tenant shall be solely responsible for repairing such damage and restoring the Building and the Property to the same good working order and condition as on the Commencement Date of this Lease, reasonable wear and tear only excepted. Landlord warrants that at the commencement of this Lease, all plumbing, electrical, mechanical and other systems serving the Leased premises shall be in good working order.

Notwithstanding the above, Tenant shall be solely responsible for all maintenance and repairs (including replacement) of any HVAC system(s) exclusively serving Tenant's computer room.

B. Landlord and Tenant shall use all reasonable efforts to resolve any problems or conflicts that may arise between Landlord and Tenant in a timely and common sense fashion.

C. Landlord shall furnish at no charge to Tenant, unless stipulated elsewhere within this Agreement, in reasonable amounts, consistent with past practices, the following services and utilities;

Heating:

Air Conditioning:

Hot Water:

City Water and Sewage:

Base Real Estate taxes

Off-Street Parking

Landscaping

Common Area Janitorial and related supplies

Tenant area Janitorial and related supplies

Common area Snow Plowing, Shoveling and salting of stairways.

Standard Rubbish Services

24-Hour Monitored Security System

On site security (10/1-3/31; 4:30-8:30 M-F business days)

Landlord shall take all reasonable actions to provide Tenant with reasonable quiet enjoyment of the Lease premises during normal business hours.

Notwithstanding Landlord's obligations as set forth in this Section 14, through December 31, 2010, Tenant in a timely and as reasonably necessary shall keep Tenant's exterior entryways and steps at the rear entrance off the rear parking lot of Tenant's Leased Premises (F-102, F-104 & F-104A) reasonably clear and clean of all rubbish, snow and ice.

Tenant has requested and Landlord has agreed to reasonably clear Tenant's private entryway to suites F-101, F-102, F-103 F-104 and F-104A and steps of snow and ice and salt this area in a reasonable fashion through December 31, 2010. Additionally it is agreed Landlord make good faith effort to coordinate such removal before 8:00 AM. Tenant shall be charged a fee of Sixty (\$60.00) dollars per snow storm as an additional charge for such service.

Landlord shall provide this service at the same time Landlord is providing snow and ice removal services to other Tenant's and the exterior common areas of the Property. If Tenant deems it necessary and so notifies Landlord, Landlord shall attempt to accelerate the timing of this service by Landlord's then-current vendor. Until such time, as the entryways and steps are cleared in each instance, Tenant shall direct Tenant's employees, visitors and agents to use the main entryway areas of this Building.

Landlord shall shovel on behalf of the Tenant, but at Landlord's expense the access way leading to Tenant's basement storage area. Landlord shall provide this service at the same time Landlord is providing snow and ice removal services to other Tenant's and the exterior common areas of this property.

D. Reasonable use

Landlord's providing of services or utilities to Tenant as described above is strictly contingent upon Tenant's reasonable use or consumption of such utilities and services. If Landlord reasonably determines Tenant is wasting such utilities, such as city water or other building services, and Tenant fails to reduce such use after notice by Landlord, then such irresponsible use by Tenant shall constitute a material breach of this Lease which at Landlord's option may result in either an early termination of the Lease Term or an immediate stoppage of Landlord supplying to Tenant such utilities and/or services.

E. Timing of Utilities

Heat and air conditioning shall be supplied during normal business hours defined herein as:

Monday - Friday	8:00 a.m. - 8:00 p.m.
Saturday	8:00 a.m. - 2:00 p.m.
Sunday	None

"Supplied", as used herein, shall mean that reasonably comfortable temperatures are maintained during such hours, notwithstanding that HVAC systems may have to be put in operation prior to 8:00 a.m., or operate until or after 8:00 p.m. on such days.

Landlord acknowledges that Tenant may be using the Leased Premises beyond normal business hours and agrees to arrange with a minimum of 24 hour notice for heat, air conditioning, hot and cold water within the Leased Premises during all extended "Tenant" business hours.

If Tenant's business hours exceed 8:00 a.m. - 8:00 p.m. Monday through Friday and 8:00 a.m. - 2:00 p.m. on Saturday, then Tenant shall reimburse Landlord for the additional costs of providing such services during such periods.

F. Landlord shall furnish services in accordance with the terms of this Lease; provided, however, that Landlord shall not be liable for, nor shall rent abate because of interruption or cessation of any essential service to the Leased Premises of the Building or agreed in this Lease to be furnished, which is due to an accident, labor difficulties, scarcity of or inability to obtain fuel, electricity, or any services or supplies from the sources from which they may customarily have been obtained, fault of Tenant or any third party, or due to any cause beyond the Landlord's control.

G. Upon Tenant paying the rent and performing and observing all the covenants, conditions, duties, and other provisions of this Lease on the Tenant's part to be performed and observed, Tenant shall peacefully and quietly have and enjoy the Leased Premises during the Lease Term without any manner of hindrance or molestation from Landlord, subject however, to the terms and conditions of this Lease.

H. Landlord warrants that on or before June 30, 2011, Landlord at Landlord's sole expense, shall replace all eight HVAC systems serving Tenant's 2nd floor lease premises.

Landlord warrants that on or before December 31, 2010 Landlord shall replace the existing lock systems for the front and rear doors for 30 Eastern Avenue and 40 Eastern Avenue with either card readers or magnetic door lock system(s).

If Landlord does not reasonably complete the above described Clause H., Landlord improvements within the specified time period(s) then Tenant may send Landlord notice of said inaction by Landlord and if Landlord does not completed said improvement(s) within sixty (60) days from the date Landlord receives Tenants notice of Landlord's inaction, then Landlord shall pay Tenant a penalty of \$1,000.00 dollars for each month Landlord has not completed said improvement(s).

14A. SECURITY SYSTEM(S):

Landlord has instructed Wayne Alarm System (alarm monitoring company) to activate and monitor the alarm system covering the 30 & 40 Eastern Avenue lobby hallway(s) and the front and rear entryway door systems during the following daily schedule:

	Alarm ON	Alarm OFF
Monday	9:30PM	6:30AM
Tuesday	9:30PM	6:30AM
Wednesday	9:30PM	6:30AM
Thursday	9:30PM	6:30AM
Friday	10:00PM	6:30AM
Saturday	7:00PM	6:30AM
Sunday	7:00PM	6:30AM

15. CASUALTY OR EMINENT DOMAIN TAKING:

If the Leased Premises or Building, or any substantial part (twenty-five percent (25%) or more of either materially affecting Tenant's operations), shall be taken by or under threat of right of Eminent Domain or shall be materially destroyed or damaged by fire or other casualty or by action of any public or other authority, or shall suffer any material direct or consequential damage for which Landlord and Tenant, or either of them, shall be entitled to compensation by reason of anything done in pursuance of any public or other authority during the term of this Lease or any extension or renewal thereof, then this Lease shall forthwith terminate at the election of the Landlord, which election may be made notwithstanding Landlord's entire interest may have been divested; and, if Landlord shall not so elect, then in case such taking, destruction, or damage renders the Leased Premises unfit for use and occupation, a just proportion of the rent according to the nature and extent of injury, shall be abated until the Leased Premises (or, in case of a partial taking, what remains thereof) shall have been put in proper condition for use and occupation.

Landlord reserves all rights to damage to the Leased Premises and Building and the leasehold hereby created, whether now accrued or hereafter accruing, by reason of anything lawfully done in pursuance of any public or other authority, and by way of confirmation, Tenant grants to Landlord all of Tenant's rights to such damages and covenants to execute and deliver such further instruments of assignments thereof as Landlord may from time to time reasonably request, provided, however, that nothing herein shall impair Tenants right to maintain an action for a separate award from a third party for damage to the Leased Premises or Tenant's separate property or for moving and relocation expenses.

Within forty-five (45) days following the date of the event (fire/casualty), Landlord must provide Tenant with a written notice informing Tenant whether Landlord intends to restore the Lease premises to their prior condition. If Landlord notifies Tenant that Landlord intends to materially repair and restore the building within 120 days after the event and if such repair/restoration are not materially completed to allow Tenant to reasonably operate Tenant's business out of Tenant's Lease premises then Tenant in good faith shall notify Landlord in writing within five (5) business days thereafter of Tenant's list of items not materially completed. Landlord shall have five (5) business days to complete said items. If Landlord has not materially completed Tenant's list within five (5) business days after receipt of said list, then this Lease shall be automatically terminated. Rent shall be abated until such time as the building is repaired or restored or the lease is terminated as set forth above.

16. BROKERAGE:

Both the Tenant and the Landlord warrant that except as set forth in this Section 16. neither party has had any dealings with any agent or broker in connection with the Leased Premises which would result in any brokerage fees or commissions being due and payable by either party.

17. LIMITATIONS OF LANDLORDS LIABILITY:

Landlord's obligations, rights and privileges under this Lease (including, without limitation, any work letter or similar agreement between Landlord and Tenant) beyond mere holding of legal title to the Leased Premises and other real estate of which the Leased Premises are a part, shall be performed, held and enjoyed by the beneficial owners of Landlord's; but without recourse by Tenant in any case against the personal estate of such beneficiaries or beyond the real estate of which the leased premises are a part.

The covenants and agreements of Landlord and Tenant shall run with the land and will be binding on and inure to the benefit of them and their respective heirs, executors, administrators, successors and assigns; but no covenant, agreement or undertaking of Landlord, expressed or implied, shall bind any person except for matters occurring during such person's period of ownership of the Building, and no fiduciary, shareholder, or beneficiary of Landlord, if a trust shall be individually bound. Tenant agrees to look only to the owner of the Building for performance of Landlord's obligations.

18. REMEDIES CUMULATIVE:

Any and all rights and remedies which a party hereunder may have under this Lease, at law in equity, shall be cumulative and shall not be deemed inconsistent with each other or exclusive, and any two (2) or more of such rights and remedies may be exercised at the same time insofar as permitted by law.

19. EFFECT OF WAIVERS OF DEFAULT:

No consent or waivers, expressed or implied, by the Landlord to or of any breach of any covenant, condition or duty of Tenant shall be construed as a consent or waiver to or for any other breach of the same or any other covenant, condition, or duty hereunder.

The parties acknowledge that their covenants under this Lease are independent and therefore Tenant waives any right to set off against the Tenant's obligations to Landlord any money allegedly due from Landlord by reason of any purported default by the Landlord hereunder or otherwise.

20. NOTICE FROM ONE PARTY TO THE OTHER:

Any notice from Landlord to Tenant shall be deemed to have been given if mailed by Registered or Certified Mail addressed to the Tenant at the Leased Premises with a copy to Tenant's legal Council whose address is as follows:

Ms. Susan E. Ball, General Counsel
Cross Country Healthcare, Inc.
6551 Park of Commerce Blvd., NW
Boca Raton, FL 33487

or such other address as the Tenant shall have last designated by written notice to the Landlord, so mailed. Any notice from the Tenant to the Landlord shall be deemed to have been given if mailed by Registered or Certificate Mail addressed to the Landlord at Goldberg Properties Management Inc., Harbor Place Suite 100 B, 7 Rantoul Street, Beverly, Massachusetts, 01915, or such other address as the Landlord shall have last designated by written notice to the Tenant so mailed.

21. LANDLORD'S REMEDIES UPON DEFAULT:

In the event that Tenant fails to pay any rent or other charges due hereunder within ten (10) days after notice from Landlord that the same is due; or fails to perform any of Tenant's obligations under the terms, conditions, or covenants of this Lease for more than thirty (30) days after receipt of written notice of such failure or if such failure shall be of such nature that the same cannot be reasonable cured or remedied within such thirty (30) day period, Tenant shall not in good faith have commenced the curing or remedying of such failure within such thirty (30) day period and thereafter diligently proceed therewith to completion; or if the Tenant shall abandon the Leased Premises; or if this Lease or the estate created hereby, shall be taken in execution or by other process of law; or if the Tenant shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy act; or if a receiver or Trustee or the property of the Tenant shall be appointed by reason of the Tenant's insolvency and inability to pay debts; or if any assignment shall be made of the Tenant's property for the benefit of the creditors,(all of the foregoing being events of default), then and in any such event, the Landlord, besides other rights or remedies it may have, shall have the immediate right to re-enter the Leased Premises and to remove all persons and property there from without notice or resort to legal process and without being deemed guilty of trespass or become liable for any loss or damage which may be occasioned thereby.

If Tenant shall fail to pay the rent or any other charges within Ten (10) days after same becomes due and payable, in addition to Tenant's late charge, such unpaid amounts shall bear interest from the due date at FOUR percent (4.00%) above the prime interest rate of the Citi Bank or its successor. In no event shall the interest rate payable by Tenant exceed eighteen percent (18%).

22. RULES AND REGULATIONS:

Landlord may establish at any time rules and regulations which Landlord may reasonably deem appropriate for, among other things, the orderly and efficient management and operation of the Building, the safety and convenience of all persons at any time properly within or about the Building, the protection and security of property, and for dealing with any emergencies. Tenant agrees always to comply with such rules and regulations notwithstanding any failure of other Tenant's or occupants of the Building to observe the same or Landlord's failure to enforce the same against any persons other than Tenant. Landlord agrees to enforce its rules and regulations with respect to other Tenants.

23. SUBORDINATION:

This lease shall, at the option of the Landlord, be subject and subordinate to any mortgages or trust deeds, present or future, to any bank, financial institution, and/or insurance company, covering the leased premises.

Such subordination shall not be effective against the Tenant, unless the Tenant is provided with a non-disturbance agreement executed by the party to which Tenant's interest will be subordinated. Tenant's tenancy shall not be disturbed so long as Tenant is not in default under this Lease. Landlord shall, within reasonable time after the execution of this Lease, provide Tenant with such non-disturbance agreement from Landlord's mortgagee. Tenant agrees that it shall upon notice of the Landlord, execute, acknowledge and deliver any and all instruments requested by the Landlord which Landlord may reasonably require in order to effect the issuance of such subordination.

Any future subordination, non-disturbance and attornment agreement will be substantially similar to documents already in place or current CitiBank standard agreements.

24. NO ACCORD AND SATISFACTION:

No acceptance by the Landlord of a sum smaller than the Base Rent, additional rent, or any other amount due to Landlord shall be deemed accepted other than on account of the earliest installment of such amount as then may be due and payable by Tenant nor shall any such payment of a smaller amount than due be deemed an accord and satisfaction under the terms of this Lease.

25. APPLICABLE LAW AND CONSTRUCTION:

This lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. If any provisions of this Lease shall to any extent be invalid, the remainder of this Lease shall not be affected thereby. There are no oral or other written agreements between Landlord and Tenant affecting this Lease. This Lease may be amended only by an instrument in writing executed by both Landlord and Tenant.

26. SEVERABILITY:

If any provisions of this Lease shall be determined to be void by any court of competent jurisdiction, such determination shall not affect any other provision of this Lease, and all other provisions shall remain in full force and effect. If any provision of this Lease is capable of two (2) constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

27. ESTOPPEL CERTIFICATIONS:

Promptly at the Landlord's reasonable request, Tenant shall furnish to Landlord (or as the Landlord may direct) Tenant's written and duly signed certification that this Lease is in full force and effect without amendment (or with such changes as may then be effective, which shall be stated in the certificate), any defense, offset, or counterclaim against rent-payment or other obligations hereunder which Tenant may have; the dates to which rent and other charges have been paid; and that neither Landlord nor Tenant is in default under this Lease (or specifying any default of either party in detail in the certificate). Any prospective purchaser or mortgagee may rely on such certifications.

Promptly at Tenant's reasonable request, Landlord will furnish to Tenant (or as the Tenant may direct) Landlord's written and duly signed certification that this Lease is in full force and effect without amendment (or with such changes as may then be effective, which shall be stated in the certificate), any defense, offset, counterclaim or other obligations hereunder which Landlord may have, the dates to which rent and other charges have been paid, and that neither the Landlord nor the Tenant is in default under this Lease (or specifying any default of either party in detail in the certificate). Any prospective purchaser or mortgagee may rely on such certifications.

28: WAIVER OF SUBROGATION:

The parties hereto shall procure an appropriate clause in, or endorsement on, any fire or extended coverage insurance policy covering the Leased Premises or the Building or personal property, or fixtures or equipment located thereon or herein, pursuant to which the insurance company providing such insurance waives subrogation or consent to a waiver of right of recovery, and having obtained such clauses or endorsements of waiver of subrogation or consent to a waiver of right of recovery, each party hereby agrees that it shall not make any claim against or seek to recover from the other for any loss or damage to its property or the property of others resulting from fire or other perils covered by such fire and extended coverage insurance. Notwithstanding the foregoing provisions of this Section 28, the party obtaining and paying the premium for such insurance shall not be required to obtain such endorsement or waiver if an additional premium cost is incurred therefore, unless the other party hereto, for whose benefit such endorsement or waiver is obtained, pays such additional premium costs.

29: NOTICE OF LEASE:

Landlord and Tenant agree that upon the request of either party, they shall execute a Notice of Lease in recordable form setting forth the relevant terms of this Lease.

30: MISCELLANEOUS PROVISIONS:

A: Right of Expansion:

Commencing January 1, 2011, Tenant shall have the first right within three business days of written notice from Landlord to Lease any vacant first floor office space under the same terms and conditions that Tenant leases 2nd and 3rd floor office space from Landlord.

B: Existing Lease Agreement:

Landlord and Tenant's existing Lease Agreement dated March 30, 2004 shall continue in full force and effect with respect to coverage operating and real estate charges Tenant owes Landlord through December 31st 2010.

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31: EXECUTION OF LEASE:

The submission of this Lease shall not bind the Landlord to the terms and conditions hereof until Landlord has executed this Lease in full.

IN WITNESS WHEREOF, the parties hereby accept and agree to abide by the terms, conditions and covenants of this Lease under seal this first day, of July, 2010.

7/12/10
Date

/s/ Edward R. Spadoni
Edward R. Spadoni as President
For MCVT, Inc.

7/16/10
Date

/s/ Steven J. Goldberg
Steven J. Goldberg, Co-Manager,
for the Goldberg Brothers Real Estate LLC

7/15/10
Date

/s/ William H. Goldberg
William H. Goldberg, Co-Manager,
for the Goldberg Brothers Real Estate LLC

LEAVE AND LICENSE AGREEMENT

THIS AGREEMENT OF LEAVE AND LICENSE made at PUNE this 28th day of July, 2010.

Between

Subhash Gaikwad, Hindu Undivided Family, and having residential address at Survey no 126/2B, OFF ITI Road, Opp National Housing society, Aundh, Pune-7, and represented by its Karta, Mr. SUBHASH GAIKWAD, hereinafter referred to as “**the Licensor**” (which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors and assigns) of the One Part

AND

Crosscountry Infotech Pvt. Ltd., a company incorporated under the Companies Act, 1956 and having its registered office at G1, Sigma House, Near ICC Tech Park, Senapati Bapat Road, Pune-411016, Maharashtra, India, hereinafter referred to as “**the Licensee**” of the Other Part.

WHEREAS

- (i) The Licensor represented that it is owner and absolutely seized and possessed of or otherwise is well and sufficiently entitled as a lawful owner to give the commercial office space at Ground and 1st floor, of the Building “AG Inspire”, situated at survey no 126/2 Off. ITI Road, Aundh, Pune 411 007, admeasuring built-up area of 18,000 **sq.ft.**
- (ii) The Licensee is engaged in the business of Information Technology & Information Technology Enabled Services with due registration of Software Technology Parks of India.
- (iii) The Licensee has approached the Licensor with a request to allow the Licensee to use and occupy the said premise for carrying on its business, for a period of 60 Months (5 Years), on Leave and License basis, with a lock in period of 36 (thirty six) months.
- (iv) Licensor agrees to grant to the Licensee and Licensee accepts from the Licensors the License to enter upon, use, occupy, possess and enjoy the office premises situated at the Ground and 1stFloor of the building “AG Inspire”, situated at survey no 126/2 Off. ITI Road Aundh, Pune 411 007 totally admeasuring built-up area of 18,000 sq. ft. (herein after referred to as the “Licensed Premises”), which is more particularly described in the Schedule I of this Agreement and on the terms and conditions and for the consideration as mentioned herein under.
- (v) The Effective Date of this Leave and License agreement shall be 1st September 2010.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

1. GRANT OF LICENSE

- (i) In consideration of the license fees hereby reserved and in further consideration of the covenant hereinafter contained on the part of the Licensee, to be paid, observed and performed, the Licensor hereby grants to the Licensee and the Licensee hereby accepts from the Licensor the license to use and occupy the Licensed Premises situated at Ground & 1st Floor in the building “AG Inspire”, survey no 126/2 Off. ITI Road, Aundh, Pune 411 007, admeasuring built-up area of 18,000 sq.ft. for a period of 5 Years, There will be a lock in period of 36 (thirty six) months effective 1st September 2010 to 31st August 2013 and either party shall not be entitled to terminate this License. On completion of the lock in period the licensee shall be entitled to terminate this agreement by giving a three month notice during the lock in period. The license to use the said licensed premises for additional period of 24 months will be at the sole option of the Licensee.

2. PURPOSE

The Licensee shall use the Licensed Premises solely and exclusively for the purpose of carrying on business of software solutions, developments, and services and such other related services in the Information Technology sector (“the said business”) and for no other purpose.

3. COMMENCEMENT DATE

The Licensor hereby grants to the Licensee the premises on license from 1st September 2010 thereby granting unrestricted and uninterrupted right to Possess, occupy and use the premises .The License granted and the payment of rental (fees) herein shall commence from the day of 1st September 2010 (hereinafter referred to as “**the Commencement Date**”).

4. TERMS OF LICENSE

This License shall be for a period of 5 years from the Commencement Date i.e. 1st September 2010 to 31st August 2015 (“the License Period”). It is clarified as provided herein that neither the Licensee nor the Licensor shall be entitled to terminate this Agreement subject to clause 9 of termination hereof, before the first 36 months (“Lock in Period”).

5. LICENSE FEE AND OTHER AMOUNTS

The Licensee shall from the Commencement Date pay, without demand and/or demur (subject to deduction of income tax at source) to the Licensor for use and occupation of the Licensed Premises along with the interior and fit outs, all-inclusive compensation or License fee aggregating to Rs. - 900,000 (Rupees -Nine lakhs Only) per month calculated at Rs. 50/- per sq.ft. per month admeasuring built-up area of 18,000 sq.ft) for the first 3 Years of the Licensed period inclusive of common area maintenance charges, all taxes and levies and shall be subject to deduction of tax at source under the Income Tax Laws or any other statutory laws applicable or as may be in force from time to time. The Licensee shall deduct such taxes applicable from the amount payable to the Licensor, save and except the service tax. It has also been agreed that the Licensee shall pay without demand and/or demur the License fee in advance to the Licensor on or before the 10th day of each calendar month. Any delay on the part of the Licensee to make payment of the License fee on the respective due date shall entitle the Licensor to charge interest on the due amount at rate of 12% p.a from the respective due date till the date of payment. The aforesaid right of the Licensor to charge interest shall be in addition to and without prejudice to its right to terminate this Agreement as provided in clause 9 of this agreement. It has also been agreed by and between the parties hereto that after completion of the first three years the rental (license fees) shall stand increased by 15%. Consideration after 3 years, if the license is continued for further period of its term at the option of the licensee, shall be an all-inclusive amount of Rs. 10,35,000/- (Rupees Ten Lakhs Thirty Five Thousand Only) inclusive of common area maintenance charges, all taxes and levies and shall be subject to deduction of tax at source under the Income Tax Laws or any other statutory laws applicable or as may be in force from time to time. The Licensee shall deduct such taxes applicable from the amount payable to the Licensor, save and except the service tax .On and above the rent the Licensee will pay the service tax regularly to the Licensor.

- 5.1 On and from the Commencement Date, the Licensee shall, in addition to the payments mentioned in clause 5.1, be liable to pay/ reimburse without delay and/or demur, all charges for electricity actually consumed in the Licensed Premises as per the bills sent by the Licensor to the Licensee in this regards based on the actual amount charged by the electricity authorities or received by the Licensee directly from the electricity company, as the case may be. In this regard the Licensor has provided a separate electric connection and electric meter in the Licensed Premises for the benefit and use of the Licensee and if at a future date any additional load /electricity connection is required by the Licensee the same will also be arranged by the Licensor at its own cost. It is hereby fully clarified that if any deposit or load charges or demand charges is payable for the existing electricity connection or for any future enhanced need of the Licensee commensurate with its business requirements, the same shall be fully borne by the Licensor and the Licensee shall be obligated to pay only the electricity charges as per its own consumption. The Licensee shall also, on and from the Commencement Date, be liable to pay / reimburse all the telephone bills in respect of the telephone (s), if any, installed and actually used by the Licensee in the Licensed Premises.
- 5.2 During the period of the agreement and any renewal thereof, Licensee shall, save as provided herein, not bear and pay any taxes and or outgoing payable in respect of the said premises and the Licensor shall pay all the Municipal taxes, ground rent, cesses, property tax, Duties and other outgoings due in respect of the said premises and all increases thereto arising during the period of the agreement or any renewal thereof. The Licensee shall not be required to make any such aforesaid payment. All applicable service taxes and any increase in the service taxes shall be borne by the Licensee.
- 5.3 The licensor shall provide 18 car parks and 90 two wheeler parks allotted to and specifically reserved for the Licensee in the building in which the Licensed Premises are situated, at no additional cost to the Licensee.
- 5.4 The licensor shall provide space for recreation like Table Tennis, Pool table etc on the terrace specially reserved for the Licensee in the building in which the Licensed Premises are situated at no additional cost to the Licensee.
- 5.5 The licensor shall provide space for cafeteria to seat 100 number of people on the terrace specially reserved for the Licensee in the building in which the Licensed Premises are situated at no additional cost to the Licensee.
- 5.6 There will be no extra maintenance charges which shall be payable by the licensee to the licensor.

6. SECURITY DEPOSIT

The licensee has agreed to pay the licensor a total security deposit of 10 months rent in the following manner:

- On execution of this Agreement, the Licensee shall pay to the Licensor a sum of Rs. 60,00,000/- (Rupees Sixty Lakhs only) as interest free security deposit.
- The balance deposit amounting to Rs 30,00,000 /-(Rupees Thirty lakhs only) shall be paid by the licensee to the licensor on 1st September or possession of the premise whichever is earlier.

The said deposit will remain with the Licensor during the terms of the Leave and License under this Agreement and the same will be refunded to it on expiry of terms of Leave and License or on early termination of this Agreement and on the Licensee handing over the vacant possession of the said premises to the Licensor. It has also been agreed by and between the parties hereto that after completion of the first three years license fee shall stand increased by 15%. If renewed at the option of the licensee, shall be Rs. 10,35,000/- (Rupees Ten Lakhs Thirty Five Thousand only)

6.1 Refund of Security Deposit

On the expiry of the said period of 60 months (5 Years) or sooner determination / termination thereof, the Licensor shall save as provided in clause 9 herein, refund to the Licensee the said security deposit, without interest simultaneously with the Licensee removing itself, its agents, employees, staff and all other person/s in occupation of the Licensed Premises. The Licensor shall refund the said security deposit after deducting there from all or any amount outstanding, if any and payable by the Licensee to the Licensor under this Agreement for the Licensed Premises. If the Licensor fails and neglect to refund the security deposit or balance security deposit on the Licensee ready to handover vacant and peaceful possession of said Licensed Premises, in that event Licensee shall be entitled to the refund of said security deposit together with 12% interest from date of expiry of the said lock in period or handover of the licensed premises in peaceful, manner or earlier determination thereof till payment and realization thereof. In the event of failure by the Licensor to refund the Security deposit, the Licensee shall continue to remain in possession of the premises, without paying the Licensor any amount by way of rent, until such time the Licensor refunds the Security deposit together with penal interest thereon at the rate 12% P.a to be calculated from the date on which the amount of the Security deposit becomes due and payable till the date on which the actual amount of the security deposits is refunded to the Licensee. Until the Licensor refunds the entire Security deposit to the Licensee towards premises, the Licensee shall constitute a charge on the premises without prejudice to and in addition to the other legal rights of the Lessee. Notwithstanding whatever is stated hereinabove in case of a failure on the part of the Licensor to refund the amount of the Security deposit within 6 months from the date of expiry or earlier determination / termination of this agreement, as the case may be, the Licensee shall have the right to sublease.

6.2 The Licensee shall be fully entitled to bring in and install its furniture, fit outs and equipments in the Licensed Premises and on termination of this Agreement the Licensee shall remove all UPS, Server, Computers Hardware and Software, Computer Networking, EPBX, Telephone Instruments, Surveillance Systems and all other office Equipments belonging to the Licensee from the Licensed Premises (save and except all the furniture, fitting and fixtures, floorings, ceilings, Air Conditions, Electrical fittings and wiring/cabling which has been provided by the Licensor). It is hereby fully clarified that all Licensee made improvements and fit outs in the Licensed Premises shall be always owned by the Licensee and at the expiry or earlier termination of the License, the Licensee shall be fully entitled to remove and take away such improvements and fit outs to the extent possible or otherwise deal with the same as long as the same does not cause any material damage to the Licensed Premises.

7. LICENSEE'S COVENANTS

- 7.1 The Licensed Premises shall be utilized by the Licensee solely and exclusively for carrying on the business as aforesaid and for no other purpose whatsoever.
- 7.2 The Licensee shall carry on business only in their products/services/software/trade name as specified in clause 2 hereinabove and shall not carry on any other business or activity from the Licensed Premises throughout the License period.
- 7.3 The Licensee shall use the Licensed Premises for the purpose of carrying on the aforesaid business on all days on 24 X 7 days basis subject to the provisions of Shops and Establishment Act and Rules thereof or any other enactment / rules prevailing from time to time.
- 7.4 The Licensee shall pay to the Licensor the license fee as stipulated in clause 5.1 above promptly and on the respective due dates thereof and if the Licensee fails and neglects to pay the said Licensed fee on its due dates for a period of two consequent months in spite of a 30 days notice from the Licensor in that events the Licensor shall be entitled to deduct the outstanding License fee from the interest free security deposit and terminate this Agreement by giving one month's notice to the Licensee.
- 7.4 The Licensee shall not do or suffer to be done anything in the Licensed Premises, which is or is likely to be a nuisance or annoyance to the other occupants of the neighboring premises or to prejudice the right of the Licensor as the owners of the Licensed Premises in any manner whatsoever. The Licensee shall not do or cause or allow or permit to be done in or around the Licensed Premises anything of an illegal or immoral nature.
- 7.6 The Licensee shall not store or allow being stored and/or displaying or selling in the Licensed Premises any goods, articles or things of a hazardous inflammable explosive corrosive toxic or combustible nature and / or any contraband goods.
- 7.7 The Licensee shall not do or suffer to be done anything whereby the Licensor's right to hold the Licensed Premises is voided, forfeited or extinguished.
- 7.8 The Licensee shall pay the said License fee in advance to the Licensor on or before the 10th day of each calendar month. It is hereby agreed by the Licensee that in the event of Licensor's arranging with any bank or financial institution for discounting the amount of License Fee receivable by it under this Agreement, the Licensee, upon receipt of instruction from the Licensor shall pay the amount of License Fee payable under this agreement to the Bank or Financial institution as the case may be as directed by the Licensor and the Licensor hereby confirms and agrees that such payment shall constitute a proper, valid and effective discharge of the Licensee's obligations for payment of the License Fee to the extent of amount paid under this Agreement.
- 7.9 The Licensee shall not transfer, assign or induct any third party or creates any third party interest in the Licensed Premises or any part or portion thereof. However, concurrent usage of the Licensed Premises by any group company shall not be treated as inducting a third party or creation of any third party interest.
- 7.11 The Licensee shall not make any structural alteration to the Licensed Premises and shall not make any construction or erection of a permanent nature in the Licensed Premises.

- 7.12 The Licensee shall not do or suffer to be done in or around or upon the Licensed Premises any act or omission, whereby any policy of insurance taken by the Licensor in respect of the Licensed Premises may become void or voidable or whereby the premium payable in respect thereof may be increased.
- 7.13 The Licensee shall during the License period, observe, perform, conform and comply strictly with the provisions hereof, the rules, regulations, enactments and bye-laws of the Municipal Corporation of Pune and / or reasonable bye-laws and rules and regulation that may be framed by the Society managing the affairs of the building in which the Licensed Premises are situated and which are conducive to the general administration of the Licensed Premises.
- 7.14 The Licensee shall remove itself and its permitted belongings as mentioned elsewhere in this Agreement, employees, staff, and agent and all other person from the Licensed Premises upon expiry or sooner determination of this Agreement.
- 7.15 In addition to the payment of the License Fee, the Licensee shall also be liable during the License period pay to the concerned authorities directly or reimburse the amount for the following charges based on actuals and on the proof of payment provided by the Licensor, the following:-
- (a) Telephone charges and rental in respect of separate telephone lines, leased lines and any other telecom infrastructure either taken directly by the Licensee or provided by Licensor in the Licensed Premises;
 - (b) Electricity charges for the electricity consumed in the Licensed Premises in accordance with the electricity bills received for separate electricity meter provided by the Licensed Premises.
 - (c) Consumption charges for DG in accordance with the invoices raised by the Licensor.
- 7.16 The Licensee hereby covenants with the Licensor that it will obtain all necessary approvals/licenses and sanctions from the concerned authorities for carrying on its business and comply with all the conditions of such licenses/approvals/sanctions and take appropriate insurance policy and third party insurance at its own cost for furniture, fixtures, goods and articles belonging to the Licensee and lying in / brought in to the Licensed Premises. The claim shall lie with the Licensee till the expiration or termination of this Agreement. In the event the fitments and interiors provided by the Licensor are damaged due to any cause attributed to the Licensee (normal wear and tear excepted) during the Licensee period, the Licensee shall redo the interiors and fitments in the licensed premises.
- 7.17 The Licensee shall keep and maintain and use the Licensee premises in good order and condition except for reasonable wear and tear during the term of this Agreement.
- 7.18 The Licensee shall permit the Licensor, its agents, employees and/or authorized representative to enter upon the Licensed Premises for inspection and to carry out repair at reasonable time as and when necessary on giving two days advance notice in writing.
- 7.19 The Licensee undertakes not to provide any services for use of/by the Licensee in the Licensed Premises through the voids, conduits, outlets, etc, RCC works, staircases, terrace of the building, common areas, open compound, internal roads or any other spaces except for the earmarked areas ("Earmarked areas") by the parties, for use of the Licensee. PROVIDED THAT if such permitted services shall, at no time, prejudicially affect the interest of the Licensor or any of the neighboring occupants. Provided however, the Licensee shall have the right to use and enjoy all common area, open compound, internal road, etc., available in the building in which the Licensed Premises are situated, in common with other occupants of the building.

- 7.21 The Licensee shall inform the Licensor in advance before any outside agency or any service provider providing services to the Licensee is required, to enter the building for maintenance of the Licensor property, in the building/common area.
- 7.22 The Licensee agree and confirm that the rights granted to the Licensee under this Agreement is limited and restricted to use of the Licensed Premises only and the Licensee is not in any manner concerned with the balance area in the building, except use of common facilities and amenities in common with other occupants of the building.
- 7.23 The Licensee will observe and perform following terms and conditions.
- a. Not to make use of the permit or allow its servants or agents to make use of any space in the said building other than Licensed Premises including the Earmarked areas and common facilities and amenities available for use for all occupants of the building in common.
 - b. Not to do or permit its servants or agents to do anything causing nuisance or annoyance to the other occupants of the said building.
 - c. To employ and engage as its own employee or subcontractors for running the Licensed Premises and to pay their wages and salaries promptly.
 - d. To ensure that all persons employed behave in an orderly and disciplined manner and that the said employees are prohibited from carrying any unfair activities in the Licensed Premises and/or within the said building and / or in the vicinity of the said building.
 - e. To ensure that neither the Licensee nor its employee shall enter any other portion of the said building except the Licensed Premises and such portions as are required as a means of ingress and egress to the Licensed Premises provided therefore and other Earmarked areas and common places.
 - f. The Licensee and its staff shall not do any act which may cause nuisance or annoyance to the Licensor or other occupants of the neighboring premises or its customers.
 - g. The Licensee shall not affix or exhibit any other signage on the exterior of the Licensed Premises other than the earmarked space without the written permission of the Licensor.
 - h. To keep the Licensed Premises clean and respectable.

7.24 **Indemnity**

The Licensee hereby agrees to indemnify and keep indemnified the Licensor against any claim and loss or damages the Licensor may actually sustain or suffer or costs charges and expenses the Licensor may incur or for which the Licensor may become or be held liable or responsible, if any of its customer or any one else including any public authorities should hold them responsible or liable for payment of any loss or damage or costs, charges or expenses or proceedings of any nature whatsoever arising out of any act deed matter or thing done or not done or committed or any negligence or default or breach of promise or contract or violation on the part of the Licensee or its representatives in the course of rendering services or otherwise to the customers of the Licensee or otherwise, provided that all such loss or damages are directly attributed to the Licensee. The Licensor shall indemnify and hold harmless the Licensee, for any loss, damage or expenses incurred or suffered by it arising out of any act deed matter or thing done or not done or committed or any negligence or default or breach of promise or contract or violation on the part of the Licensor or any of the Licensor's employees, servants or agents with regard to the Licensors property and / or the Licensed Premises or for any of the Licensors Covenants, representations or warranties proving to be false or misleading in any material respect or otherwise.

8. Licensors Covenants

- 8.1 The Licensor hereby confirms that save and except creating security by way of mortgage / charges in or upon the said licensed premises in favour of Bank / Financial Institution for raising finance, the Licensor has not created any third party interest in the Licensed Premises. In the event the Licensor defaults the payments of such mortgage, the Licensor shall indemnify and hold harmless the Licensee and shall safeguard all the rights of the Licensee, till the term of this Agreement including extensions if any.
- 8.2 Notwithstanding anything contained in this Agreement, the parties hereto expressly agree and declare that the Licensor shall be entitled at its discretion to sell and / or otherwise dispose of the Licensed Premises or any portion thereof during the subsistence of this Agreement to any third party whomsoever with a prior written notice of a period of 60 (Sixty) days to the Licensee. Provided however that such third party enters into an identical agreement with the Licensee for the remainder of the License period of this Agreement and the rights of the Licensee are not affected in any manner.
- 8.3 That the Licensor represents and warrants that it is a lawful owner and titleholder of the Licensed Premises and is fully empowered, authorized and able to execute this Leave and License Agreement.
- 8.4 That the Licensor represents and warrants that the Licensed Premises including the building in which the Licensed Premises are situated having constructed strictly as per the approved plan of Municipal Authorities / Town Planning bodies in Pune and there is no deviation or violation of such approved / sanctioned plan. Besides, all necessary permissions and approvals in respect of constructing, using and occupying the building in which the Licensed Premises are situated have been duly obtained and the terms and conditions stipulated therein have been and is being duly complied with.
- 8.5 That the Licensee shall be fully able to access the Licensed Premises from the main road and approach road connecting the building with the main road, without any let, hindrance, obstruction or objection of whatsoever nature from anybody.
- 8.6 The Licensor covenants that upon the Licensee paying the License fee herein reserved and all other payments and observing and performing the terms and conditions on the Licensees part herein contained, the Licensee shall be entitled to peaceful and quiet use and enjoyment of the Licensed Premises during the period of the License free from any interference, objection, evictions, claim, interruptions and demand whatsoever by the Licensor.
- 8.7 The Licensor by way of this Agreement grants to the Licensee the right of way to the Licensed Premises and all other Earmarked areas and access to the other common areas of the premises for use of the same in common with other occupants.
- 8.8 The Licensor shall fully insure the Licensed Premises and the building along with all furniture and fixtures provided by the Licensor thereon against fire and other natural calamities and may provide proof of such insurance policies to the Licensee.
- 8.9 For the purpose of its business, the Licensee shall be required to install communication tower, dish antenna, equipment, etc., at the terrace of the building. The Licensor shall ensure that the Licensee is able to do so and if any permission in this regard is necessary from the society formed for the building or anybody else connected with the building, the Licensor shall obtain the said permission for the Licensee and also provide all such documents and papers which are required by the Licensee for installation of such communication tower, etc.

8.10 The Licensee shall be conducting its business in the Licensed Premises in the field of Information Technology Enabled Services and BPO activities under the STP Scheme of Government of India. Therefore the Licensee shall be fully entitled to register the Licensed Premises with STPI under STP Scheme and bond the Licensed Premises with the customs authorities and the Licensor or anybody connected with the Licensed Premises shall not have any objection whatsoever in this regard and shall provide all necessary documents, papers, no objection letters, etc., to the Licensee.

9. TERMINATION & CONSEQUENCES

9.1 In the event of the Licensee committing a breach of any of the terms of this Agreement and failing, within 60 days, to remedy or make good such breach on receipt of notice in writing from the Licensor, the Licensor shall be entitled to forthwith terminate this Agreement and to refund the balance amount of the interest free security deposit ,after deducting any outstanding due from the Licensee for which consequences along with outstanding maintenance charges, Electricity charges, Telephone charges and interest @ 12% p .a on said amount, or any part thereof without prejudice to any other rights or remedies which the Licensor may have under the License Agreement or under any other Agreement or under law and in such event the consequences stipulated in clause 9.3, shall apply.

9.2 The Licensee may after the lock in period of 36 months terminate this agreement by giving to the Licensor 3 (Three) month's written notice of their intention to terminate this agreement. Upon the expiry of the said period of three months, the Licensee shall vacate the said licensed premises as stipulated elsewhere in this Agreement on receipt of refund of the security deposit from the Licensor and if the Licensor fails to refund the security deposit simultaneously at the time of Licensee prepared to vacate the Licensed Premises, the consequences detailed herein above in Clause 6.1 for non-refund of security deposit by the Licensor, shall automatically ensue.

9.3 Upon termination of the Agreement as mentioned hereinabove or sooner determination of this Agreement for any reason whatsoever.

(a) The Licensee shall remove or cause to be removed itself, its agents and all its employees and all other person or persons and their respective belongings, chattels, articles and things from the Licensed Premises and shall hand over to the Licensor, on simultaneously receiving the refund of the security deposit from the Licensor, vacant, quiet, peaceful and furnished possession of the Licensed Premises together with the furniture, fittings and fixtures provided by the Licensor in good condition, except normal wear and tear.

(b) Without prejudice to any other rights or remedies with the Licensor may have under this Agreement or under any other Agreement with the Licensee or under laws or otherwise howsoever including the right to recover the Licensed Premises as aforesaid and in addition there to, until such time as the Licensee or any of its employees or its servants and / or agents or any other person as aforesaid shall use and occupy the Licensed Premises or any part thereof after expiration or sooner determination of this License and such use and occupation of Licensee is not due to failure on the part of the Licensor to refund the security deposit of the Licensee, the Licensee shall, over and above the License Fee stated in clause 5 above, be liable to pay to the Licensor, one time the monthly License fee per day calculated prorata until the Licensee vacate the Licensed Premises as aforesaid as and by way of Liquidized damages and not by way of penalty.

(c) In the event of failure and/or neglect on the part of the Licensor to refund the interest free deposit, against the Licensee vacating the Licensed Premises by itself and/or by its agents/servants and employees, the Licensee shall be entitled to receive interest calculable @ 12% p.a on the amounts to be refunded by the Licensor to the Licensee from the date it became refundable till the date of refund and the same shall be in addition to the right of the Licensee as provided under Clause 6.1 herein above.

10. NO LEASE, TENANCY ETC:

- 10.1 The use and occupation by the Licensee of the Licensed Premises is confined only to the Licensed Premises and neither amounts to nor is it intended to create any tenancy, sub-tenancy rights or as transferring any rights, title and interest of any nature whatsoever in favour of the Licensee in, over or upon the Licensed Premises or any part or parts thereof, save group companies, subsidiaries and affiliates.
- 10.2 At no point of time, irrespective of any change in law, the Licensee will claim and, or anyone on behalf of the Licensee contained that this Agreement or the use and occupation of the Licensed Premises amounts to create on lease, tenancy or sub-tenancy rights or creates or transfers any right title, interest, easement of any nature whatsoever in favour of the Licensee in, over or upon the Licensed premises of any parts thereof.
- 10.3 The Licensed premises is given to the Licensee on a Leave and License basis and the Licensee will not be entitled to transfer the benefits of this Agreement to anybody else or will not be entitled to allow anybody else and / or any other person or entity to occupy the Licensed Premises or any part thereof, save group companies, subsidiaries and affiliates.
- 10.4 It is expressly agreed by and between the parties hereto that the License fee payable by the Licensee to the Licensor shall for all purposes be deemed to be the fair and reasonable License fee and the Licensee shall not under any circumstances challenge the same in any court of law or any other authority or tribunal or forum as not being fair License fee in respect of the License herein granted of the Licensed Premises.
- 10.5 If as a result of any legislation, the Licensee becomes entitled to continue the use or occupation of the Licensed Premises against the will or desire of the Licensor or if any of the rights, powers or privileges of the Licensor becomes incapable of legal recognition or enforcement in their entirety, in such event, the Licensee shall not take advantage of such legislation and shall continue to use the Licensed premises in accordance with this Agreement and the provisions of such legislation shall, so far they are inconsistent with the provisions of this Agreement, be deemed to have been waived by the Licensee.

11. NOTICE

- 11.1 Any notice required to be served upon the Licensee shall be sufficiently served upon if posted by Registered A/D post or hand-delivered to the Licensee in the Licensed Premises on taking proper acknowledgement with a copy to the parent company of the Licensee M/s. Cross Country Healthcare Inc at 6551 Park of Commerce Blvd, NW Boca Raton, Florida 33487, USA by fax (+001-800-565-9774) and a confirmation copy by registered airmail for the attention of Ms. Susan Ball, General Counsel.
- 11.2 Any notice required to be served upon the Licensor shall be sufficiently served upon if posted by Registered A/D post or left at the address of the Licensor first given.

12. STAMP DUTY & REGISTRATION

The Licensee shall bear and pay the Stamp Duty and Registration Charges payable in respect of execution and registration of this Leave and License Agreement. The Original of this Leave and License Agreement shall be retained by the Licensor and its duly executed copy shall be retained by the Licensee.

13. NON-WAIVER

No failure on the part of the Licensor / Licensee to exercise, and no delay on the part of the Licensor / Licensee in exercising any right hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or future exercise thereof or the exercise of any other right. The remedies herein are cumulative and not exclusive of any remedies provide by law.

14. PARTIAL INVALIDITY

If at any time, any provision of this Agreement shall become or be held illegal, invalid or unenforceable in any respect under any law, then the legality, validity or enforceability of the remaining provisions shall not in any way be thereby effected or impaired. Any invalid or unenforceable provisions of this Agreement shall be replaced with a provision which is valid and enforceable and most nearly reflects the original intent of the invalid or enforceable provision.

16. SUPERSESSION

This Agreement constitutes the entire agreement between the Licensor and Licensee and supersedes all prior understandings and writings between the parties.

17. DISPUTE RESOLUTION MECHANISM

It is hereby agreed by and between the parties hereto that in case any disputes or difference arises between the parties with regards to the terms and conditions of this Agreements of relating to the Interpretation thereof, the same shall be referred to an arbitrator appointed on mutual consent of the Licensor and Licensee and such arbitration shall be in accordance with the provision of the Arbitration and Conciliation Act, 1996, or any statutory modification or re-enactment thereof for the time being in force. The arbitration shall be held in Pune and the proceedings shall be conducted in the English language. The parties agree that the arbitration awards shall be final and may be enforced as a degree. The parties further agree that only the competent courts of jurisdiction at Pune shall have exclusive jurisdiction in all matters arising thereunder. Notwithstanding the pending of settlement of any disputes or difference between the parties, the Licensee shall continue to pay License Fee to the Licensor regularly and punctually, so long as the Licensee is in use and occupation of the Licensed Premises and the Licensor is not in violation of any of its obligations.

No alteration amendment or modification of any of the terms of this Agreement shall be valid and binding unless signed by or on behalf of both the parties hereto.

This Agreement shall be governed by Indian laws to the exclusive jurisdiction of the Courts in Pune only.

SCHEDULE 1

THE SCHEDULE ABOVE REFERRED TO

(Description of said Licensed Premises)

All that piece and parcel of the said premises admeasuring Built up area. 18000 sq.ft. On Ground and 1st floor of the building, situated at survey no 126/2, A.G Inspire, Off. ITI Road, opp National Housing Society, Aundh, Pune 411 007.

IN WITNESS WHEREOF the parties hereto have executed this Agreement in duplicate the day and year first herein above written.

SIGNED AND DELIVERED
For and on behalf of Licensor
SUBHASH GAIKWAD (HUF)

/s/ Subhash Gaikwad
Subhash Gaikwad
(Karta)

in the presence of

1) /s/ Ajit Gaikwad
Ajit Gaikwad

survey no 126/2B Aundh, Pune-7

SIGNED AND DELIVERED
for and on behalf of Licensee
Crosscountry Infotech Pvt. Ltd

/s/ Srinvas Ramulu Chidumalla
Srinvas Ramulu Chidumalla
(Vice President)

In the presence of

1) /s/ Sudhir Gaikward
Sudhir Gaikward

R E C E I P T

RECEIVED with Thanks from **Crosscountry Infotech Pvt. Ltd** the sum of Rs. 60, 00,000/- (Rupees Sixty Lakhs only by Cheque no. 357258, 357261, 357262, 357263, 357264 of Rs.9 lakh each and cheque no. 357265 of Rs.6 lakh dated 27/07/2010 drawn on HDFC Bank Ltd. being interest free refundable deposit in terms of Agreement for Leave & License dated 28/07/2010.

WITNESSES:

WE SAY RECEIVED

/s/ Subhash Gaikwad

Subhash Gaikwad

(Karta)

Certification

I, Joseph A. Boshart, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cross Country Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2010

/s/ JOSEPH A. BOSHART

Joseph A. Boshart
President and Chief Executive Officer

Certification

I, Emil Hensel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cross Country Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2010

/s/ EMIL HENSEL

Emil Hensel
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc. (the "Company") for the quarterly period ended June 30, 2010, (the "Periodic Report"), I, Joseph A. Boshart, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2010

/s/ JOSEPH A. BOSHA RT

Joseph A. Boshart
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cross Country Healthcare, Inc. and will be retained by Cross Country Healthcare, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Cross Country Healthcare, Inc. (the "Company") for the quarterly period ended June 30, 2010, (the "Periodic Report"), I, Emil Hensel, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2010

/s/ EMIL HENSEL

Emil Hensel
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Cross Country Healthcare, Inc. and will be retained by Cross Country Healthcare, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is provided solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002.