AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 23, 2001
REGISTRATION NO. 333-64914

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

AMENDMENT NO. 1
TO
FORM S-1
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

CROSS COUNTRY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	7363	13-4066229
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

6551 PARK OF COMMERCE BLVD, N.W.
SUITE 200
BOCA RATON, FL 33487
(561) 998-2232
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

JOSEPH A. BOSHART
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CROSS COUNTRY, INC.
6551 PARK OF COMMERCE BLVD, N.W.
SUITE 200
BOCA RATON, FL 33487
(561) 998-2232
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES OF COMMUNICATIONS TO:

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875 THIRD AVENUE
NEW YORK, NEW YORK 10022
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As soon as practicable after the effective date of this registration statement.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

PROPOSED MAXIMUM PROPOSED AGGREGATE MAXIMUM TITLE OF EACH CLASS OF NUMBER OF SHARES OFFERING PRICE PER AGGREGATE AMOUNT OF SECURITIES TO BE REGISTERED TO BE REGISTERED SHARE(1) OFFERING PRICE(1) REGISTRATION FEE Common Stock, par value $.0001 per share....	8,984,375	$17.00	$152,734,375	$38,184(2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) A fee of $35,938 was paid in connection with filing this Form S-1. The balance of the fee is being paid in connection herewith.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

- ---
- ---

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED AUGUST 23, 2001

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

7,812,500 SHARES

[LOGO]

CROSS COUNTRY, INC.

COMMON STOCK

This is Cross Country, Inc.'s initial public offering. We are selling all of the shares.

We expect the public offering price to be between $15.00 and $17.00 per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will be quoted on the Nasdaq National Market under the symbol CCRN.

INVESTING IN THE COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 9 OF THIS PROSPECTUS.

PER SHARE	TOTAL
Public offering price	$
Underwriting	$

discount.....
$ $ Proceeds, before expenses, to Cross Country, Inc..... $ $

The underwriters may also purchase up to an additional 1,171,875 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2001.

MERRILL LYNCH & CO. SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LLC

SUNTRUST ROBINSON HUMPHREY

CIBC WORLD MARKETS

The date of this prospectus is , 2001.

[DESCRIPTION OF ARTWORK: DEPICTION OF PATIENT AND HEALTHCARE PERSONNEL]

[DESCRIPTION OF ARTWORK: MAP OF THE UNITED STATES DEPICTING CLIENT LOCATIONS]

TABLE OF CONTENTS

You should rely on only the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of the front cover of this prospectus or other date stated in this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY HIGHLIGHTS INFORMATION CONTAINED ELSEWHERE IN THIS

PROSPECTUS. IT IS NOT COMPLETE AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK. YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY, ESPECIALLY THE RISKS OF INVESTING IN OUR COMMON STOCK DISCUSSED UNDER RISK FACTORS AND OUR CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES. UNLESS OTHERWISE SPECIFIED, ALL INFORMATION IN THIS PROSPECTUS ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION. THE INFORMATION IN THIS PROSPECTUS HAS BEEN ADJUSTED TO REFLECT A 5.80135 FOR 1 STOCK SPLIT.

CROSS COUNTRY, INC.

We are the largest provider of healthcare staffing services in the United States based on revenue. Approximately 80% of our revenue is derived from travel nurse staffing services. We also provide staffing of clinical research professionals and allied healthcare professionals such as radiology technicians, rehabilitation therapists and respiratory therapists. Our staffing operations are complemented by other human capital management services, including search and recruitment, consulting, education and training and resource management services. Our active client base includes over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. Our fees are paid directly by our clients rather than by government or other third-party payors. We are well positioned to take advantage of current industry dynamics, including the growing shortage of nurses in the United States, the growing demand for healthcare services and the trend among healthcare providers toward outsourcing staffing services. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce, Inc. and Heritage Professional Education, LLC, were $407.7 million and $50.7 million, respectively.

INDUSTRY DYNAMICS

The STAFFING INDUSTRY REPORT, an independent staffing industry publication, estimates that the healthcare segment of the temporary staffing market generated $7.2 billion in revenue in 2000 and that this segment will grow 18% to $8.5 billion in 2001.

Several trends are driving demand for our healthcare staffing services, including:

- A growing shortage of registered nurses throughout the country. A recent study published in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION projects that by 2020, the nationwide registered nurse workforce will be nearly 20% below projected requirements.

- Increasing demand for healthcare services as a result of the aging of the baby boomers and technological advances in healthcare treatment methods which attract a greater number of patients with complex medical conditions requiring a higher intensity of care.

- Greater use of temporary staffing by healthcare providers to manage seasonal fluctuations in demand for their services. The use of temporary personnel enables providers to vary their staffing levels to match these changes in demand while avoiding the more costly alternative of hiring permanent staff.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- LEADER IN THE RAPIDLY GROWING NURSE STAFFING INDUSTRY. We have operated in the travel nurse staffing industry since the 1970s and have the leading brand name, based on revenue. Our Cross Country TravCorps brand is well recognized among leading healthcare providers and professionals. We believe that through our relationships with existing travel nurse staffing clients, we are positioned to market complementary services, including staffing of clinical trials and

  allied health professionals, search and recruitment, consulting, and education and training to our existing client base.

- STRONG AND DIVERSE CLIENT RELATIONSHIPS. We provide staffing solutions to an active client base of over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. We do not rely on any geographic region or client for a significant portion of our revenue. No single client accounted for more than 3% of our revenue in 2000. In 2000, we worked with over 75% of the nation's top hospitals, as identified by U.S. NEWS AND WORLD REPORT. We provide temporary staffing to our clients through assignments that typically have terms of 13 weeks or longer. Our fees are paid directly by our clients rather than by government or other third-party payors.

- LEADER IN RECRUITING AND EMPLOYEE RETENTION. We are a leader in the recruitment and retention of highly qualified healthcare professionals. We recruit healthcare professionals from all 50 states and Canada. In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. Employee referrals generate a majority of our new

candidates. We believe we offer appealing assignments, competitive compensation packages, attractive housing options and other valuable benefits. Historically, approximately 70% of our nurses have accepted new assignments with us within 35 days of completion of previous assignments. In 2000, we were recognized by WORKING MOTHER MAGAZINE as a top 100 national employer of working mothers.

- SCALABLE AND EFFICIENT OPERATING STRUCTURE. We have an efficient centralized operating structure that includes a database of more than 146,000 nurses and other healthcare professionals who have completed job applications with us. Our size and centralized structure provide us with operating efficiencies in key areas such as recruiting, advertising, marketing, training, housing and insurance benefits. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. This system is designed to accommodate significant future growth of our business.

- STRONG MANAGEMENT TEAM WITH EXTENSIVE HEALTHCARE STAFFING AND ACQUISITION EXPERIENCE. Our management team, which averages 15 years of experience in the healthcare industry, has played a key role in the development of the travel nurse staffing industry. Our management team has consistently demonstrated the ability to successfully identify and integrate strategic acquisitions.

GROWTH STRATEGY

We intend to continue to grow our business by:

- ENHANCING OUR ABILITY TO FILL UNMET DEMAND FOR OUR TRAVEL STAFFING SERVICES. There is substantial unmet demand for our travel staffing services. We are striving to meet a greater portion of this demand by recruiting additional healthcare personnel. Our recruitment strategy for nurses and other healthcare professionals is focused on:

  - increasing referrals from existing field employees by providing them with superior service;

  - expanding our advertising presence to reach more nursing professionals;

  - using the internet to accelerate the recruitment-to-placement cycle;

  - increasing the number of staff dedicated to the recruitment of new nurses; and

  - developing Assignment America, our recruitment program for foreign-trained nurses residing abroad.

- INCREASING OUR MARKET PRESENCE IN THE PER DIEM STAFFING MARKET. We intend to use our existing brand recognition, client relationships and database of nurses who have expressed an interest in

temporary assignments to expand our per diem services to the acute care hospital market. While we have not historically had a significant presence in per diem staffing services, we believe that this market presents a substantial growth opportunity.

- EXPANDING THE RANGE OF SERVICES WE OFFER OUR CLIENTS. We plan to utilize our relationships with existing travel staffing clients to more effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training.

- ACQUIRING COMPLEMENTARY BUSINESSES. We intend to continue to evaluate opportunities to acquire complementary businesses to strengthen and broaden our market presence.

- INCREASING OPERATING EFFICIENCIES. We seek to increase our operating margins by increasing the productivity of our administrative personnel, using our purchasing power to achieve greater savings in key areas such as housing and benefits and continuing to invest in our information systems.

RECENT DEVELOPMENTS

In May 2001, we acquired Gill/Balsano Consulting, L.L.C., or Gill/Balsano, a management consulting firm focused on the rehabilitation services sector. In March 2001, we acquired ClinForce, Inc., or ClinForce, the clinical trials staffing subsidiary of Edgewater Technology, Inc. The acquisitions of Gill/Balsano and ClinForce broaden the range of services we provide to include rehabilitation services, consulting and clinical research staffing. These acquisitions complement our healthcare staffing business by increasing the opportunities we provide our healthcare professionals.

RISK FACTORS

For a discussion of the risks we face, see "Risk Factors," including those under the captions "Currently we are unable to recruit enough nurses to meet our

clients' demands for our nurse staffing services, limiting the potential growth of our staffing business," "The costs of attracting and retaining qualified nurses and other healthcare personnel may rise more than we anticipate" and "Our costs of providing housing for nurses and other healthcare personnel may be higher than we anticipate and, as a result, our margins could decline." In addition, we operate in a highly competitive industry, with limited barriers to entry.

In July 1999, an affiliate of Charterhouse Group International, Inc., or Charterhouse, and certain members of management acquired the assets of Cross Country Staffing, a Delaware partnership, our predecessor, from W. R. Grace & Co. In December 1999, we acquired TravCorps Corporation, or TravCorps, which was owned by investment funds managed by Morgan Stanley Private Equity and certain members of TravCorps' management.

We were incorporated in Delaware in 1999. Our principal executive offices are located at 6551 Park of Commerce Blvd, N.W., Suite 200, Boca Raton, FL 33487. Our telephone number at that address is (561) 998-2232. Our World Wide Web site address is www.crosscountry.com. Our website address is included in this prospectus as an inactive textual reference only. The information in our website is not intended to be incorporated into this prospectus by reference and should not be considered a part of this prospectus.

THE OFFERING

Common stock offered by Cross Country, Inc.....	7,812,500 shares
Common stock outstanding after the offering.....	31,019,059 shares
Use of proceeds.....	We estimate that our net proceeds from this offering will be approximately $114.8 million. We intend to use these proceeds as follows: - approximately $75.2 million to repay indebtedness outstanding under our credit facility; and - approximately $39.5 million to redeem all of our senior subordinated notes and pay a redemption premium. The required redemption premium is $1.5 million.
Nasdaq National Market symbol.....	CCRN

The number of shares outstanding after the offering excludes 4,398,000 shares reserved for issuance under our stock option plans, of which options to purchase 3,268,521 shares at a weighted average exercise price of $12.48 have been granted.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary consolidated financial data for the five-month period July 30, 1999 to December 31, 1999 and for the year ended December 31, 2000 are derived from the audited consolidated financial statements of Cross Country, Inc., or Cross Country, included elsewhere in this prospectus. The summary financial data for the year ended December 31, 1998 and for the seven-month period January 1, 1999 to July 29, 1999 were derived from the audited financial statements of Cross Country Staffing, our predecessor company, included elsewhere in this prospectus.

The data for the six month periods ended June 30, 2000 and 2001 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2001.

The pro forma as adjusted consolidated statement of operations for the year ended December 31, 2000 and the six months ended June 30, 2001 are pro forma for the Heritage Professional Education, LLC, or Heritage, and ClinForce acquisitions and as adjusted for the offering and expected use of proceeds as if these events had occurred on January 1, 2000. The as adjusted consolidated balance sheet data as of June 30, 2001 are as adjusted for the offering and expected use of proceeds as if these events had occurred on June 30, 2001.

The summary data below should be read in conjunction with the consolidated

financial statements and related notes of Cross Country, Inc., Cross Country Staffing, TravCorps Corporation and Subsidiary, ClinForce, Heritage, the "Pro Forma Condensed Consolidated Statement of Operations" and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds" and other financial information included elsewhere in this prospectus.

YEAR ENDED PREDECESSOR(A) DECEMBER 31,	PERIOD FROM JANUARY 1 THROUGH JULY 29,	PERIOD FROM JULY 30 THROUGH DECEMBER 31,	PRO FORMA AS ADJUSTED 1998	YEAR ENDED 1999(B)	PRO FORMA 2000	2000(C)
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) CONSOLIDATED STATEMENT OF OPERATIONS DATA						
Revenue from services	$ 158,592	$ 106,047	$ 87,727	$ 367,690	$ 407,733	
Operating expenses: Direct operating expenses	121,951	80,187	68,036	273,095	298,159	
Selling, general and administrative expenses(e)	19,070	12,688	9,257	49,027	58,356	
Bad debt expense	722	157	511	433	543	
Depreciation	264	212	155	1,324	1,459	
Amortization	859	496	4,422	13,701	15,270	
Non-recurring indirect transaction costs(f)	-	-	--	--	1,289	1,289
Total operating expenses	142,866	93,740	82,381	338,869	375,076	
Income from operations	15,726	12,307	5,346	28,821	32,657	
Other expenses: Interest expense, net	850	230	4,821	15,435	4,404	
Other expenses	183	190	--	--	--	
Income before income taxes and discontinued operations	14,693	11,887	525	13,386	28,253	
Income						

tax expense(g)..... - - -- 672 6,730 12,489 ---------- -- -------- ---------- ---------- -------- -- Income (loss) before discontinued operations..... 14,693 11,887 (147) 6,656 15,764 Discontinued operations: Loss from discontinued operations, net of income taxes(h)... - - -- (195) (1,604) - - Loss on disposal(h)..... - - -- -- (454) -- ------- ---------- - ---------- --------- -- ---------- Net income (loss)... $ 14,693 $ 11,887 $ (342) $ 4,598 $ 15,764 ========== ========== ========== ========== Basic and diluted income (loss) per common share(i): Income (loss) before discontinued operations..... $ (.01) $ .29 Discontinued operations..... (.01) (.09) -------- --- ---------- Net income (loss)... $ (.02) $ .20 ========== ========== Weighted-average number of shares outstanding: Basic and diluted..... 15,291,749 23,205,388 SIX MONTHS ENDED JUNE 30, ---------- ---------- -------- PRO FORMA AS ADJUSTED 2000 2001 2001(D) ------- ---- ---------- --- -------- (DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) CONSOLIDATED STATEMENT OF OPERATIONS DATA Revenue from services..... $ 177,650 $ 222,707 $ 230,400 Operating expenses: Direct operating expenses..... 131,870 167,099 172,449 Selling, general and administrative expenses(e)..... 24,229 31,511 33,117 Bad debt expense.... 464 862 862 Depreciation..... 610 1,163 1,198 Amortization..... 7,317 7,495 7,768 Non-recurring indirect transaction costs(f)..... 433 -- -- ----------

- ---------- ------
---- Total operating
expenses........
164,923 208,130
215,394 ----------
---------- --------
-- Income from
operations..........
12,727 14,577 15,006
Other expenses:
Interest expense,
net...............
7,738 8,532 3,336
Other expenses......
-- -- -- ----------
---------- --------
-- Income before
income taxes and
discontinued
operations........
4,989 6,045 11,670
Income tax
expense(g)........
2,509 2,827 4,993 --
--------- ----------
- ---------- Income
(loss) before
discontinued
operations........
2,480 3,218 6,677
Discontinued
operations: Loss
from discontinued
operations, net of
income taxes(h)...
(688) -- -- Loss on
disposal(h)....... -
- (544) -- ---------
-- ---------- -----
----- Net income
(loss)... $ 1,792 $
2,674 $ 6,677
==========
==========
========== Basic and
diluted income
(loss) per common
share(i): Income
(loss) before
discontinued
operations........ $
.11 $ .14
Discontinued
operations........
(.03) (.02) --------
--- ---------- Net
income (loss)... $
.08 $ .12
==========
==========
Weighted-average
number of shares
outstanding: Basic
and diluted.........
23,205,388
23,205,586

YEAR ENDED SIX MONTHS
PREDECESSOR(A)
DECEMBER 31, ENDED
JUNE 30, ----------
---------- -------
---------- ---
---------- PERIOD
FROM PERIOD FROM
JANUARY 1 JULY 30 PRO
PRO YEAR ENDED
THROUGH THROUGH FORMA
FORMA DECEMBER 31,
JULY 29, DECEMBER 31,
AS ADJUSTED AS
ADJUSTED 1998 1999
1999(B) 2000 2000(C)

2000 2001 2001(D) ---
--------- ----------
------------ --------
-- ----------- ------
---- ---------- -----
------ (DOLLARS IN
THOUSANDS, EXCEPT
SHARE AND PER SHARE
DATA) OTHER OPERATING
DATA
EBITDA(j).....
$ 16,849 $ 13,015 $
9,923 $ 45,135 $
50,675 $ 21,087 $
23,235 $ 23,972
EBITDA as a % of
revenue.....
10.6% 12.3% 11.3%
12.3% 12.4% 11.9%
10.4% 10.4%
FTE's(k).....
2,264 2,466 2,789
4,167 4,452 4,195
4,509 4,647 Weeks
worked(l).....
117,728 73,980 61,358
216,684 231,504
109,070 117,234
120,822 Average
contract revenue per
week(m).....
$ 1,347 $ 1,429 $
1,417 $ 1,616 $ 1,638
$ 1,532 $ 1,751 $
1,763 Net cash flow
provided by (used in)
operating
activities.....
$ 14,434 $ 12,178 $
6,301 $ 10,397 $
10,513 $ 12,984 Net
cash flow provided by
(used in) investing
activities.....
$ (977) $ (202) $
1,380 $ (9,584) $
(746) $ (36,284) Net
cash flow provided by
(used in) financing
activities.....
$ (13,458) $ (11,977)
$ (3,111) $ (5,641) $
(13,423) $ 23,300

AS OF JUNE 30, 2001 ----------
ACTUAL AS ADJUSTED(N) ---------- ----------
(DOLLARS IN THOUSANDS) CONSOLIDATED BALANCE SHEET
DATA Working
capital.....
$ 30,505 $ 30,505 Cash and cash
equivalents..... -- --
Total
assets.....
350,783 344,138 Total
debt.....
183,650 71,893 Stockholders'
equity..... $
125,116 $ 234,853

- ----------
(a) On July 29, 1999, we acquired the assets of Cross Country Staffing which, for accounting and reporting purposes, is our predecessor. Financial data for periods prior to July 30, 1999 is that of Cross Country Staffing.

(b) Includes TravCorps results from December 16, 1999, the date of its acquisition, through December 31, 1999.

(c) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense of $0.9 million related to $35.4 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $11.0 million as a result of the repayment of $35.5 million of senior subordinated debt (12.00% interest

rate) and $77.3 million of borrowings outstanding under our credit facility using the weighted average rate in effect during the year ended December 31, 2000 (9.74%); and

- additional income tax expense of $4.5 million as a result of the above adjustments.

(d) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense for the six months ended June 30, 2001 of $0.2 million related to $35.4 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense for the six months ended June 30, 2001 of $5.4 million as a result of the repayment of $37.7 million of senior subordinated debt (12.0% interest rate) and $75.2 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the six months ended June 30, 2001 (9.17%); and

- additional income tax expense for the six months ended June 30, 2001 of $2.0 million as a result of the above adjustments.

(e) Includes expenses related to a discontinued management incentive compensation plan of $2.1 million and $2.7 million for the seven-month period January 1-July 29, 1999 and the year ended December 31, 1998, respectively. The management incentive compensation plan was discontinued on July 30, 1999.

(f) Non-recurring indirect transaction costs consist of non-capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

(g) Prior to July 30, 1999, our predecessor, Cross Country Staffing, operated as a partnership under the applicable provisions of the Internal Revenue Code, and, accordingly, income related to the operations of Cross Country Staffing was taxed directly to its partners.

(h) Reflects the operating results of HospitalHub, Inc., which began operations in 1999. We completed the divestiture of HospitalHub, Inc. during the second quarter of 2001.

(i) The financial data contained herein for periods prior to July 30, 1999, is that of our predecessor, Cross Country Staffing, a partnership, for which share and per share amounts were not applicable.

(j) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(k) FTE's represent the average number of contract staffing personnel on a full-time equivalent basis.

(l) Weeks worked is calculated by multiplying the FTE's by the number of weeks during the respective period.

(m) Average contract revenue per week is calculated by dividing the revenue received under our staffing contracts by the number of weeks worked during the respective period.

(n) Reflects the following adjustments as if the offering had occurred on June 30, 2001:

- increase in stockholders' equity of $114.8 million from the offering.

- repayment of $37.7 million of senior subordinated debt, plus a $1.5 million redemption premium, and repayment of $75.2 million of borrowings outstanding under our credit facility and includes the effects of the redemption premium and the write-off of $6.6 million of debt issuance costs, net of taxes.

RISK FACTORS

RISKS RELATED TO OUR BUSINESS

CURRENTLY WE ARE UNABLE TO RECRUIT ENOUGH NURSES TO MEET OUR CLIENTS' DEMANDS FOR OUR NURSE STAFFING SERVICES, LIMITING THE POTENTIAL GROWTH OF OUR STAFFING BUSINESS.

We rely significantly on our ability to attract, develop and retain nurses and other healthcare personnel who possess the skills, experience and, as required, licensure necessary to meet the specified requirements of our healthcare staffing clients. We compete for healthcare staffing personnel with other temporary healthcare staffing companies, as well as actual and potential clients, some of which seek to fill positions with either regular or temporary employees. Currently, there is a shortage of qualified nurses in most areas of the United States and competition for nursing personnel is increasing. At this time we do not have enough nurses to meet our clients' demands for our nurse staffing services. This shortage of nurses limits our ability to grow our staffing business. Furthermore, we believe that the aging of the existing nurse population and declining enrollments in nursing schools will further exacerbate the existing nurse shortage.

THE COSTS OF ATTRACTING AND RETAINING QUALIFIED NURSES AND OTHER HEALTHCARE PERSONNEL MAY RISE MORE THAN WE ANTICIPATE.

We compete with other healthcare staffing companies for qualified nurses and other healthcare personnel. Because there is currently a shortage of qualified healthcare personnel, competition for these employees is intense. To induce healthcare personnel to sign on with them, our competitors may increase hourly wages or other benefits. If we do not raise wages in response to such increases by our competitors, we could face difficulties attracting and retaining qualified healthcare personnel. In addition, if we raise wages in response to our competitors' wage increases and are unable to pass such cost increases on to our clients, our margins could decline.

OUR COSTS OF PROVIDING HOUSING FOR NURSES AND OTHER HEALTHCARE PERSONNEL MAY BE HIGHER THAN WE ANTICIPATE AND, AS A RESULT, OUR MARGINS COULD DECLINE.

We currently have approximately 2,900 apartments on lease throughout the U.S. If the costs of renting apartments and furniture for our nurses and other healthcare personnel increase more than we anticipate and we are unable to pass such increases on to our clients, our margins may decline. To the extent the length of a nurse's housing lease exceeds the term of the nurse's staffing contract, we bear the risk that we will be obligated to pay rent for housing we do not use. To limit the costs of unutilized housing, we try to secure leases with term lengths that match the term lengths of our staffing contracts, typically 13 weeks. In some housing markets we have had, and believe we will continue to have, difficulty identifying short-term leases. If we cannot identify a sufficient number of appropriate short-term leases in regional markets, or, if for any reason, we are unable to efficiently utilize the apartments we do lease, we may be required to pay rent for unutilized housing or, to avoid such risk, we may forego otherwise profitable opportunities.

DECREASES IN PATIENT OCCUPANCY AT OUR CLIENTS' FACILITIES MAY ADVERSELY AFFECT THE PROFITABILITY OF OUR BUSINESS.

Demand for our temporary healthcare staffing services is significantly affected by the general level of patient occupancy at our clients' facilities. When a hospital's occupancy increases, temporary employees are often added before full-time employees are hired. As occupancy decreases, clients may reduce their use of temporary employees before undertaking layoffs of their regular employees. We also may experience more competitive pricing pressure during periods of occupancy downturn. In addition, if a trend emerges toward providing healthcare in alternative settings, as opposed to acute care hospitals, occupancy at our clients' facilities could decline. This reduction in occupancy could adversely affect the demand for our services and our profitability.

WE ARE DEPENDENT ON THE PROPER FUNCTIONING OF OUR INFORMATION SYSTEMS.

Our company is dependent on the proper functioning of our information systems in operating our business. Critical information systems used in daily operations identify and match staffing resources and client assignments and perform billing and accounts receivable functions. Our information systems are protected through physical and software safeguards and we have backup remote processing capabilities. However, they are still vulnerable to fire, storm, flood, power loss, telecommunications failures, physical or software break-ins and similar events. In the event that critical information systems fail or are otherwise unavailable, these functions would have to be accomplished manually, which could temporarily impact our ability to identify business opportunities quickly, to maintain billing and clinical records reliably and to bill for services efficiently.

WE MAY EXPERIENCE DIFFICULTIES WITH OUR RECENTLY IMPLEMENTED FINANCIAL PLANNING AND REPORTING SYSTEM.

In March 2001, we implemented a new financial planning and reporting system. We may face difficulties or incur additional costs integrating data, including data from companies acquired by us, to make it compatible with the new system.

If we experience difficulties with our system, our ability to generate timely and accurate financial reports could be adversely affected.

IF REGULATIONS THAT APPLY TO US CHANGE, WE MAY FACE INCREASED COSTS THAT REDUCE OUR REVENUE AND PROFITABILITY.

The temporary healthcare staffing industry is regulated in many states. In some states, firms such as our company must be registered to establish and advertise as a nurse staffing agency or must qualify for an exemption from registration in those states. If we were to lose any required state licenses, we could be required to cease operating in those states. The introduction of new regulatory provisions could substantially raise the costs associated with hiring temporary employees. For example, some states could impose sales taxes or increase sales tax rates on temporary healthcare staffing services. These increased costs may not be able to be passed on to clients without a decrease in demand for temporary employees. In addition, if government regulations were implemented that limited the amounts we could charge for our services, our profitability could be adversely affected.

FUTURE CHANGES IN REIMBURSEMENT TRENDS COULD HAMPER OUR CLIENTS' ABILITY TO PAY US.

Many of our clients are reimbursed under the federal Medicare program and state Medicaid programs for the services they provide. In recent years, federal and state governments have made significant changes in these programs that have reduced reimbursement rates. In addition, insurance companies and managed care organizations seek to control costs by requiring that healthcare providers, such as hospitals, discount their services in exchange for exclusive or preferred participation in their benefit plans. Future federal and state legislation or evolving commercial reimbursement trends may further reduce, or change conditions for, our clients' reimbursement. Limitations on reimbursement could reduce our clients' cash flows, hampering their ability to pay us.

COMPETITION FOR ACQUISITION OPPORTUNITIES MAY RESTRICT OUR FUTURE GROWTH BY LIMITING OUR ABILITY TO MAKE ACQUISITIONS AT REASONABLE VALUATIONS.

Our business strategy includes increasing our market share and presence in the temporary healthcare staffing industry through strategic acquisitions of companies that complement or enhance our business. We have historically faced competition for acquisitions. In the future, this could limit our ability to grow by acquisitions or could raise the prices of acquisitions and make them less accretive to us. In addition, restrictive covenants in our credit facility, including a covenant that requires us to obtain bank approval for any acquisition over $10 million, may limit our ability to complete desirable acquisitions. If we are unable to secure necessary financing under our credit facility or otherwise, we may be unable to complete desirable acquisitions.

WE MAY FACE DIFFICULTIES INTEGRATING OUR ACQUISITIONS INTO OUR OPERATIONS AND OUR ACQUISITIONS MAY BE UNSUCCESSFUL, INVOLVE SIGNIFICANT CASH EXPENDITURES OR EXPOSE US TO UNFORESEEN LIABILITIES.

We continually evaluate opportunities to acquire healthcare staffing companies and other human capital management services companies that complement or enhance our business and frequently have preliminary acquisition discussions with some of these companies.

These acquisitions involve numerous risks, including:

- potential loss of key employees or clients of acquired companies;
- difficulties integrating acquired personnel and distinct cultures into our business;
- difficulties integrating acquired companies into our operating, financial planning and financial reporting systems;
- diversion of management attention from existing operations; and
- assumption of liabilities and exposure to unforeseen liabilities of acquired companies, including liabilities for their failure to comply with healthcare regulations.

These acquisitions may also involve significant cash expenditures, debt incurrence and integration expenses that could have a material adverse effect on our financial condition and results of operations. Any acquisition may ultimately have a negative impact on our business and financial condition.

SIGNIFICANT LEGAL ACTIONS COULD SUBJECT US TO SUBSTANTIAL UNINSURED LIABILITIES.

In recent years, healthcare providers have become subject to an increasing number of legal actions alleging malpractice, product liability or related legal theories. Many of these actions involve large claims and significant defense costs. In addition, we may be subject to claims related to torts or crimes committed by our employees or temporary staffing personnel. In some instances, we are required to indemnify clients against some or all of these risks. A failure of any of our employees or personnel to observe our policies and

guidelines intended to reduce these risks, relevant client policies and guidelines or applicable federal, state or local laws, rules and regulations could result in negative publicity, payment of fines or other damages. To protect ourselves from the cost of these claims, we maintain professional malpractice liability insurance and general liability insurance coverage in amounts and with deductibles that we believe are appropriate for our operations. However, our insurance coverage may not cover all claims against us or continue to be available to us at a reasonable cost. If we are unable to maintain adequate insurance coverage, we may be exposed to substantial liabilities.

IF WE BECOME SUBJECT TO MATERIAL LIABILITIES UNDER OUR SELF-INSURED PROGRAMS, OUR FINANCIAL RESULTS MAY BE ADVERSELY AFFECTED.

We provide workers compensation coverage through a program that is partially self-insured. In addition, we provide medical coverage to our employees through a partially self-insured preferred provider organization. If we become subject to substantial uninsured workers compensation or medical coverage liabilities, our financial results may be adversely affected.

OUR CLIENTS MAY TERMINATE OR NOT RENEW THEIR STAFFING CONTRACTS WITH US.

Our travel staffing arrangements with clients are generally terminable upon 30 or 90 days' notice. We may have fixed costs, including housing costs, associated with terminated arrangements that we will be obligated to pay post-termination.

Our clinical trials staffing business is conducted under long-term contracts with individual clients that may conduct numerous clinical trials. Some of these long-term contracts are terminable by the clients without cause upon 30 to 60 days notice.

OUR INDEMNITY FROM W. R. GRACE, IN CONNECTION WITH OUR ACQUISITION OF THE ASSETS OF CROSS COUNTRY STAFFING, MAY BE MATERIALLY IMPAIRED BY GRACE'S FINANCIAL CONDITION.

In connection with our acquisition from W. R. Grace & Co. of the assets of Cross Country Staffing, our predecessor, Grace agreed to indemnify us against damages arising out of the breach of any representation or warranty of Grace, as well as against any liabilities retained by Grace. In March 2001, Grace filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. This bankruptcy filing could materially impair Grace's obligations to indemnify us.

RISKS RELATED TO THIS OFFERING

BECAUSE OUR PRINCIPAL STOCKHOLDERS CONTROL US, THEY WILL BE ABLE TO DETERMINE THE OUTCOME OF ALL MATTERS SUBMITTED TO OUR STOCKHOLDERS FOR APPROVAL, REGARDLESS OF THE PREFERENCES OF OTHER STOCKHOLDERS.

Following this offering, Charterhouse Equity Partners III, or CEP III, and investment funds managed by Morgan Stanley Private Equity together will own approximately 66% of our outstanding common stock. Accordingly, acting together, they will be able to:

- elect our entire board of directors;
- control our management and policies; and
- determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets.

In addition, under our stockholders' agreement, CEP III and investment funds managed by Morgan Stanley Private Equity will each have the right to designate two directors for nomination to our board of directors. This number decreases if either CEP III or the funds managed by Morgan Stanley Private Equity reduce their respective ownership by more than 50%. CEP III and investment funds managed by Morgan Stanley Private Equity, acting together, will also be able to prevent or cause a change in control of us and will be able to amend our certificate of incorporation and bylaws at any time. Their interests may conflict with the interests of the other holders of common stock.

YOU WILL EXPERIENCE IMMEDIATE AND SIGNIFICANT DILUTION IN BOOK VALUE PER SHARE.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock will be immediately after this offering. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares outstanding. If you purchase our common stock in this offering, you will incur immediate dilution of approximately $16.53 in the net tangible book value per share of common stock in this offering, based on an assumed initial public offering price of $16.00 per share.

We also have a significant number of outstanding options to purchase our common stock with exercise prices significantly below the initial public offering price of the common stock. To the extent these options are exercised,

there will be further dilution.

AN AGGREGATE OF APPROXIMATELY 22,984,546 MILLION SHARES WILL BECOME ELIGIBLE FOR RESALE IN THE PUBLIC MARKET 180 DAYS AFTER THIS OFFERING, AND FUTURE SALES OF THIS STOCK MAY CAUSE OUR STOCK PRICE TO DECLINE.

Sales of substantial amounts of our common stock in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our common stock and could materially impair our future ability to raise capital through offerings of our common stock. An aggregate of 31,019,059 shares of common stock will be outstanding after this offering. Of these, the 7,812,500 shares offered by this prospectus will be freely tradable without restriction or further registration.

In connection with this offering, we and our officers, directors and substantially all of our existing stockholders, who together hold 22,867,610 shares, have agreed not to sell or transfer any shares of our common stock for 180 days after completion of this offering without the underwriters' consent. While the underwriters may release these shares from the restrictions at any time, this will be done, if at all, only on a case-by-case basis. The underwriters do not currently have any intention of consenting to a waiver of these restrictions.

CEP III and investment funds managed by Morgan Stanley Private Equity each have demand rights to cause us to file, at our expense, a registration statement under the Securities Act covering resales of their shares. These shares will represent approximately 66% of our outstanding common stock after the offering. CEP III and the investment funds of Morgan Stanley Private Equity have informed us that they do not presently intend to exercise their demand registration rights, although they retain the right to do so. These shares may also be sold under Rule 144 of the Securities Act, depending on their holding period and subject to significant restrictions in the case of shares held by persons deemed to be our affiliates.

In addition, after this offering, we also intend to register 4,398,000 shares of common stock for issuance under our stock option plans. As of June 30, 2001, options to purchase 3,268,521 shares of common stock were issued and outstanding, of which 1,056,968 shares were vested.

We cannot predict what effect, if any, market sales of shares held by any stockholder or the availability of these shares for future sale will have on the market price of our common stock. See "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling shares of our common stock after this offering.

IF OUR STOCK PRICE DECLINES AFTER THE INITIAL OFFERING, YOU COULD LOSE A SIGNIFICANT PART OF YOUR INVESTMENT.

Prior to this offering, there has been no public market for our common stock. We do not know if an active trading market will develop for our common stock or how the common stock will trade in the future. Negotiations between the underwriters and us will determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to fluctuations in the market price of our common stock due to changes in our operating performance or prospects. In addition, the stock market in general has experienced extreme volatility that often has been unrelated to the operating performance or prospects of particular companies.

IF PROVISIONS IN OUR CORPORATE DOCUMENTS AND DELAWARE LAW DELAY OR PREVENT A CHANGE IN CONTROL OF OUR COMPANY, WE MAY BE UNABLE TO CONSUMMATE A TRANSACTION THAT OUR STOCKHOLDERS CONSIDER FAVORABLE.

Our certificate of incorporation and by-laws may discourage, delay or prevent a merger or acquisition involving us that our stockholders may consider favorable. For example, our certificate of incorporation authorizes our board of directors, which is controlled by CEP III and investment funds managed by Morgan Stanley Private Equity, to issue up to 10,000,000 shares of "blank check" preferred stock. Without stockholder approval, the board of directors has the authority to attach special rights, including voting and dividend rights, to this preferred stock. With these rights, preferred stockholders could make it more difficult for a third party to acquire us. Delaware law may also discourage, delay or prevent someone from acquiring or merging with us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the matters discussed in this prospectus include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are 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 the following:

- our ability to attract and retain qualified nurses and other healthcare personnel;

- costs and availability of short-term leases for our travel nurses;

- 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; and

- the effect of competition in the markets we serve.

Although we believe that these statements are based upon reasonable assumptions, we can not guarantee future results. Given these uncertainties, the forward-looking statements discussed in this prospectus might not occur. These forward-looking statements are made as of the date of this prospectus. Except as may be required under applicable statutes, regulations or court decisions, we undertake no obligation to update or revise them.

USE OF PROCEEDS

We estimate that our net proceeds from the offering will be $114.8 million, assuming an initial offering price of $16.00 per share, based on the midpoint of our filing range, and after deducting estimated expenses and underwriting discounts and commissions of $10.3 million. We intend to use the net proceeds of this offering to make the following payments:

- approximately $75.2 million to repay a portion of the outstanding balances under our credit facility, which becomes due on July 29, 2005. As of August 1, 2001, the outstanding balance of principal and interest on our credit facility was approximately $140.1 million and the effective interest rate was 7.84%. On March 16, 2001, to finance our acquisition of ClinForce, we amended our credit facility to provide for an additional term loan in the aggregate principal amount of $30.0 million; and

- approximately $39.5 million to redeem all of our outstanding senior subordinated notes and pay a redemption premium. The senior subordinated notes accrue interest at a rate of 12.00% per annum, compounded quarterly, and become due on January 1, 2006. As of August 1, 2001, the outstanding balance of principal and interest on the senior subordinated notes was $38.0 million. As of August 1, 2001, the required redemption premium on our senior subordinated notes was $1.5 million.

If the underwriters' over-allotment option is exercised in full, we estimate that our net proceeds will be $132.2 million. Any additional net proceeds will be used to repay additional indebtedness under our credit facility.

DIVIDEND POLICY

We have not declared or paid any cash dividends on our capital stock. We currently intend to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. In addition, covenants in our credit facility limit our ability to declare and pay cash dividends on our common stock.

CAPITALIZATION

The following table shows our capitalization as of June 30, 2001:

- on an actual basis; and

- on an as adjusted basis to give effect to the sale of 7,812,500 shares of our common stock at an assumed public offering price of $16.00 per share and the application of the net proceeds of the offering to repay a portion of our outstanding debt. See "Use of Proceeds."

In addition, you should read the following table in conjunction with our consolidated financial statements and the accompanying notes which are contained elsewhere in this prospectus.

AS OF JUNE 30, 2001 ---------- ACTUAL AS ADJUSTED(A) ---------- ---------- (IN

THOUSANDS) Long term debt: Revolving loan facility..... $ 8,250 $ - - Term loan..... 138,680 71,727 12.00% senior subordinated pay-in-kind notes due 2006(b)..... 37,650 -- Capitalized lease obligation..... 166 166 ------ -- -------- Total debt..... 184,746 71,893 Less current maturities..... 20,446 0 -------- -------- Total long-term debt..... 164,300 71,893 Stockholders' equity: Undesignated preferred stock, none authorized--actual, $0.01 par value, 10,000,000 shares authorized--as adjusted, none issued and outstanding--actual and as adjusted..... -- -- Common stock, $0.01 par value, 8,000,000 shares authorized--actual, $0.0001 par value, 100,000,000 shares authorized--as adjusted, 23,206,559 shares issued and outstanding--actual, 31,019,059 shares issued and outstanding--as adjusted(c)..... 2 2 Additional paid-in capital..... 119,090 233,840 Retained earnings(d)..... 6,931 1,918 Accumulated other comprehensive earnings..... (907) (907) -------- ------- - Total stockholders' equity..... 125,116 234,853 -- ------ -------- Total capitalization..... $289,416 $306,747 ======== ========

- ------------------------

(a) As adjusted amounts do not include the use of $0.4 million of proceeds to repay pay-in-kind notes issued between June 30, 2001 and August 1, 2001, and a related redemption premium.

(b) Actual amount includes $1.1 million of interest accrued between April 1, 2001 and June 30, 2001.

(c) Gives effect to conversion of 760,284 shares of Class B common stock into a like amount of Class A common shares.

(d) As adjusted amount includes the effects of a $1.5 million redemption premium associated with the prepayment of our pay-in-kind notes and the write-off of $6.6 million of related debt issuance costs as of June 30, 2001, net of taxes.

DILUTION

Our net tangible book deficit as of June 30, 2001, was approximately $132.9 million, or $5.73 per share of common stock. Net tangible book deficit is the difference between our total tangible assets and our total liabilities. We determined the net tangible book deficit per share by dividing our net tangible book deficit by the total number of shares of common stock outstanding. After giving effect to the issuance and sale of the 7,812,500 shares of common stock offered by us in the offering at an assumed initial offering price of $16.00 per share, and after deducting estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book deficit as of June 30, 2001 would have been approximately $16.5 million, or $0.53 per share of common stock. This represents an immediate decrease in net tangible book deficit of $5.19 per share to existing stockholders and an immediate dilution of $16.53 per share to new investors purchasing shares of common stock in the offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share.....		$16.00
Net tangible book deficit per share as of June 30, 2001.....	$(5.73)	
Decrease in net tangible book deficit per share attributable to new investors.....	5.19	
Pro forma net tangible book deficit per share after the offering.....		(0.53)
Dilution per share to new investors.....		$16.53

If the underwriters' over-allotment option is exercised in full, the pro forma net tangible book value per share after the offering would be $0.03 per share, the increase in net tangible book value per share to existing shareholders would be $5.76 per share and the dilution in net tangible book value to new investors would be $15.97 per share.

The following table sets forth, as of June 30, 2001, the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by our existing stockholders and to be paid by new investors in the offering at $16.00, before deduction of estimated underwriting discounts and commissions and other expenses of the offering:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE PER SHARE
	NUMBER	PERCENT	AMOUNT	PERCENT	
Existing stockholders	23,206,559	74.8%	$122,500,169	49.5%	$ 5.28
New investors	7,812,500	25.2	125,000,000	50.5	16.00
Total	31,019,059	100.0%	$247,500,169	100.0%	$ 7.98

The foregoing discussion and table assume no exercise of any outstanding stock options to purchase common stock. As of June 30, 2001 there were 3,268,521 shares of common stock issuable upon the exercise of stock options outstanding at a weighted average exercise price of $12.48. To the extent these options are exercised, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated financial data as of December 31, 1999 and 2000 and for the five-month period July 30, 1999 to December 31, 1999 and for the year ended December 31, 2000 are derived from the audited consolidated financial statements of Cross Country, Inc. included elsewhere in this prospectus. The selected financial data as of December 31, 1998 and July 29, 1999 and for the year ended December 31, 1998 and for the seven-month period January 1, 1999 to July 29, 1999 have been derived from the audited financial statements of Cross Country Staffing, included elsewhere in this prospectus. The selected financial data as of December 31, 1996 and 1997 and for the period from July 1, 1996 to December 31, 1996 and for the year ended December 31, 1997 were derived from the financial statements of Cross Country Staffing that have been audited but not included in this prospectus. The selected financial data as of June 30, 1996 and for the period from January 1, 1996 to June 30, 1996 are derived from the unaudited consolidated financial statements of Cross Country Staffing.

The data as of June 30, 2001 and for the six month periods ended June 30, 2000 and 2001 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2001.

The pro forma as adjusted consolidated statement of operations for the year ended December 31, 2000 and the six months ended June 30, 2001 are pro forma for the Heritage and ClinForce acquisitions and as adjusted for the offering and expected use of proceeds as if these events had occurred on January 1, 2000. The as adjusted consolidated balance sheet data as of June 30, 2001 are as adjusted for the offering and expected use of proceeds as if these events had occurred on June 30, 2001.

The selected consolidated financial data below should be read in conjunction with the consolidated financial statements and related notes of Cross Country, Inc., Cross Country Staffing, TravCorps Corporation and Subsidiary, ClinForce, Heritage, the "Pro Forma Condensed Consolidated Statement of Operations" and related notes, "Management's Discussion and Analysis of Financial Condition and

Results of Operations" and other financial information included elsewhere in this prospectus.

PREDECESSOR(A)				
	PERIOD FROM JULY 1 THROUGH DECEMBER 31, 1996	PERIOD FROM JANUARY 1 THROUGH JUNE 30, 1996	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)			
CONSOLIDATED STATEMENT OF OPERATIONS DATA				
Revenue from services	$ 65,045	$ 59,209	$ 138,560	$ 158,592
Operating expenses:				
Direct operating expenses	52,061	46,617	108,726	121,951
Selling, general and administrative expenses(d)	7,595	7,378	16,051	19,070
Bad debt expense	144	437	624	722
Depreciation	126	83	150	264
Amortization	536	446	875	859
Non-recurring indirect transaction costs(e)	--	--	--	--
Total operating expenses	60,462	54,961	126,426	142,866
Income from operations	4,583	4,248	12,134	15,726
Other (income) expenses:				
Interest expense, net	2,602	1,169	1,647	850
Other (income) expenses	(1,328)	299	37	183
Income before income taxes and discontinued operations	3,309	2,780	10,450	14,693
Income tax expense(f)	--	--	--	--
Income (loss) before discontinued operations	3,309	2,780	10,450	14,693
Discontinued operations:				
Loss from discontinued operations, net of income taxes(g)	--	--	--	--
Loss on disposal(g)	--	--	--	--
Net income (loss)	$ 3,309	$ 2,780	$ 10,450	$ 14,693
Basic and diluted income (loss) per common share(h):				
Income (loss) before discontinued operations				
Discontinued operations				
Net income (loss)				
Weighted-average number of shares outstanding:				
Basic and diluted				
OTHER OPERATING DATA				
EBITDA(i)	$ 5,245	$ 4,777	$ 13,159	$ 16,849
EBITDA as % of revenue	8.1%	8.1%	9.5%	10.6%
FTE's(j)	2,100	1,846	2,102	2,264
Weeks worked(k)	54,596	47,996	109,313	117,728
Average contract revenue per				

week(l).....
$ 1,191 $ 1,234 $ 1,268 $ 1,347
Net cash flow provided by (used
in) operating activities.....
$ 309 $ 3,875 $ 12,374 $ 14,434
Net cash flow provided by (used
in) investing activities.....
$ (75) $ (89) $ (309) $ (977)
Net cash flow provided by (used
in) financing activities.....
$ (977) $ (3,854) $ (12,064) $
(13,458)
PREDECESSOR(A) ----------
PERIOD FROM YEAR ENDED DECEMBER
31, PERIOD FROM JULY 30 --------
---------- JANUARY 1
THROUGH THROUGH PRO FORMA JULY
29, DECEMBER 31, AS ADJUSTED
1999 1999(B) 2000 2000(C) ------
---------- ---------- -------
--- ---------- (DOLLARS IN
THOUSANDS, EXCEPT SHARE AND PER
SHARE DATA) CONSOLIDATED
STATEMENT OF OPERATIONS DATA
Revenue from
services..... $ 106,047 $
87,727 $ 367,690 $ 407,733
Operating expenses: Direct
operating expenses..... 80,187
68,036 273,095 298,159 Selling,
general and administrative
expenses(d)... 12,688 9,257
49,027 58,356 Bad debt
expense..... 157 511
433 543
Depreciation.....
212 155 1,324 1,459
Amortization.....
496 4,422 13,701 15,270 Non-
recurring indirect transaction
costs(e)..... -- -- 1,289
1,289 ---------- ---------- ----
------ ---------- Total
operating expenses..... 93,740
82,381 338,869 375,076 ---------
- ---------- ---------- --------
-- Income from
operations..... 12,307
5,346 28,821 32,657 Other
(income) expenses: Interest
expense, net..... 230 4,821
15,435 4,404 Other (income)
expenses..... 190 -- -- -- --
-------- ---------- ---------- -
--------- Income before income
taxes and discontinued
operations..... 11,887 525
13,386 28,253 Income tax
expense(f)..... -- 672
6,730 12,489 ---------- --------
-- ---------- ---------- Income
(loss) before discontinued
operations.....
11,887 (147) 6,656 15,764
Discontinued operations: Loss
from discontinued operations,
net of income
taxes(g)..... --
(195) (1,604) -- Loss on
disposal(g)..... -- --
(454) -- ---------- ---------- -
--------- ---------- Net income
(loss)..... $ 11,887
$ (342) $ 4,598 $ 15,764
========== ========== ==========
========== Basic and diluted
income (loss) per common
share(h): Income (loss) before
discontinued operations..... $
(.01) $ .29 Discontinued
operations..... (.01) (.09) -
--------- ---------- Net income
(loss)..... $ (.02) $ .20
========== ========== Weighted-
average number of shares
outstanding: Basic and
diluted..... 15,291,749
23,205,388 ========== ==========

OTHER OPERATING DATA
EBITDA(i).....
$ 13,015 $ 9,923 $ 45,135 $
50,675 EBITDA as % of
revenue..... 12.3% 11.3%
12.3% 12.4%
FTE's(j).....
2,466 2,789 4,167 4,452 Weeks
worked(k).....
73,980 61,358 216,684 231,504
Average contract revenue per
week(l).....
$ 1,429 $ 1,417 $ 1,616 $ 1,638
Net cash flow provided by (used
in) operating activities.....
$ 12,178 $ 6,301 $ 10,397 Net
cash flow provided by (used in)
investing activities..... $
(202) $ 1,380 $ (9,584) Net cash
flow provided by (used in)
financing activities..... $
(11,977) $ (3,111) $ (5,641)

AS OF DECEMBER 31, AS OF ---------
--------- AS OF
JUNE 30, 1996 1996 1997 1998 JULY
29, 1999 ---------- ----------
---------- ---------- ----------
- CONSOLIDATED BALANCE SHEET DATA
Working
capital.....
$ 2,061 $ 12,710 $ 12,372 $ 12,871
$ 9,752 Cash and cash
equivalents.....
(1,476) -- 1 -- -- Total
assets.....
27,305 34,933 36,080 41,901 44,464
Total
debt.....
45,045 30,280 18,700 13,173 7,874
Stockholders'
equity(m).....
(24,738) (2,471) 7,122 13,451
19,466
AS OF DECEMBER 31, ----------
---------- 1999 2000 -------
--- ---------- CONSOLIDATED
BALANCE SHEET DATA Working
capital.....
$ 33,998 $ 34,375 Cash and cash
equivalents..... 4,828
-- Total
assets.....
309,695 317,626 Total
debt.....
159,074 157,272 Stockholders'
equity(m).....
118,742 123,340

SIX MONTHS ENDED JUNE 30, ----------
---- PRO FORMA AS ADJUSTED 2000 2001 2001(N) ---------- ---
------- ---------- (DOLLARS IN THOUSANDS, EXCEPT SHARE AND
PER SHARE DATA) CONSOLIDATED STATEMENT OF OPERATIONS DATA
Revenue from
services..... $ 177,650 $
222,707 $ 230,400 Operating expenses: Direct operating
expenses..... 131,870 167,099
172,449 Selling, general and administrative
expenses..... 24,229 31,511 33,117 Bad debt
expense..... 464 862
862
Depreciation.....
610 1,163 1,198
Amortization.....
7,317 7,495 7,768 Non-recurring indirect transaction
costs(e)..... 433 -- -- ---------- ---------- ---
------- Total operating
expenses..... 164,923 208,130
215,394 ---------- ---------- ---------- Income from
operations..... 12,727
14,577 15,006 Other expenses: Interest expense,
net..... 7,738 8,532 3,336
---------- ---------- ---------- Income before income taxes
and discontinued operations..... 4,989 6,045 11,670 Income

tax expense(f)..... 2,509
2,827 4,993 ---------- ---------- ---------- Income before
discontinued operations..... 2,480 3,218
6,677 Discontinued operations: Loss from discontinued
operations, net of income taxes.... (688) -- -- Loss on
disposal..... -- (544)
-- ---------- ---------- ---------- Net
income..... $
1,792 $ 2,674 $ 6,677 ========== ========== ==========
Basic and diluted income (loss) per common share(h): Income
before discontinued operations..... $ .11 $
.14 Discontinued
operations..... (.03) (.02) -
--------- ---------- Net
income..... $ .08
$ .12 ========== ========== Weighted-average number of
shares outstanding: Basic and
diluted..... 23,205,388
23,205,586 OTHER OPERATING DATA
EBITDA(i).....
$ 21,087 $ 23,235 $ 23,972 EBITDA as a % of
revenue..... 11.9% 10.4%
10.4%
FTE's(j).....
4,195 4,509 4,647 Weeks
worked(k).....
109,070 117,234 120,822 Average contract revenue per
week(l)..... $ 1,532 $ 1,751 $ 1,763 Net
cash flow provided by (used in) operating activities....
10,513 12,984 Net cash flow provided by (used in) investing
activities.... (746) (36,284) Net cash flow provided by
(used in) financing activities.... $ (13,423) $ 23,300

	AS OF JUNE 30, 2001	
	ACTUAL	AS ADJUSTED(O)
CONSOLIDATED BALANCE SHEET DATA		
Working capital	$ 30,505	30,505
Cash and cash equivalents	--	--
Total assets	350,783	344,138
Total debt	183,650	71,893
Stockholders' equity	$ 125,116	$ 234,853

- ----------

(a) On July 29, 1999, we acquired the assets of Cross Country Staffing which, for accounting and reporting purposes, is our predecessor. Financial data for periods prior to July 30, 1999 is that of Cross Country Staffing.

(b) Includes TravCorps results from December 16, 1999, the date of its acquisition, through December 31, 1999.

(c) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense of $0.9 million related to $35.4 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $11.0 million as a result of the repayment of $35.5 million of senior subordinated debt (12.0% interest rate) and $77.3 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the year ended December 31, 2000 (9.74%); and

- additional income tax expense of $4.5 million as a result of the above adjustments.

(d) Includes expenses related to a discontinued management incentive compensation plan of $2.1 million and $2.7 million for the seven-month period January 1-July 29, 1999 and the year ended December 31, 1998. The management incentive compensation plan was discontinued on July 30, 1999.

(e) Non-recurring indirect transaction costs consist of non capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

(f) Prior to July 30, 1999, our predecessor, Cross Country Staffing, operated as a partnership under the applicable provisions of the Internal Revenue Code, and, accordingly, income related to the operations of Cross Country Staffing

was taxed directly to its partners.

(g) Reflects the operating results of HospitalHub, Inc., which began operations in 1999. We completed the divestiture of HospitalHub, Inc. during the second quarter of 2001.

(h) The financial data contained herein for periods prior to July 30, 1999, is that of our predecessor, Cross Country Staffing, a partnership, for which share and per share amounts were not applicable.

(i) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(j) FTE's represent the average number of contract staffing personnel on a full-time equivalent basis.

(k) Weeks worked is calculated by multiplying the FTE's by the number of weeks during the respective period.

(l) Average contract revenue per week is calculated by dividing the revenue received under our staffing contracts by the number of weeks worked during the respective period.

(m) Consists of partners' capital for periods prior to July 30, 1999, since our predecessor, Cross Country Staffing, was a partnership.

(n) Reflects the following adjustments if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense for the six months ended June 30, 2001 of $0.2 million related to $35.4 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense for the six months ended June 30, 2001 of $5.4 million as a result of the repayment of $37.7 million of senior subordinated debt (12.0% interest rate) and $75.2 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the six months ended June 30, 2001 (9.17%); and

- additional income tax expense for the six months ended June 30, 2001 of $2.0 million as a result of the above adjustments.

(o) Reflects the following adjustments as if the offering had occurred on June 30, 2001:

- increase in stockholders' equity of $114.8 million of net proceeds from the offering; and

- repayment of $37.7 million of senior subordinated debt, plus a $1.5 million redemption premium, and repayment of $75.2 million of borrowings outstanding under our credit facility and includes the effects of the redemption premium and the write-off of $6.6 million of debt issuance costs, net of taxes.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

We acquired ClinForce on March 16, 2001 and Heritage on December 26, 2000.

The pro forma condensed consolidated statement of operations for the year ended December 31, 2000 and the six months ended June 30, 2001 give effect to the acquisitions of Heritage and ClinForce as if the transactions had occurred on January 1, 2000.

The Company acquired E-Staff, Inc. on July 31, 2000 and Gill/Balsano Consulting, LLC on April 1, 2001. Gill/Balsano's and E-Staff results of operations are immaterial to us; therefore such results have been excluded from these unaudited pro forma condensed consolidated statement of operations.

The pro forma information is based on the historical statements of the acquired businesses giving effect to the transactions under the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the Pro Forma Condensed Consolidated Statement of Operations.

The pro forma information as adjusted for the offering for the year ended

December 31, 2000 and the six months ended June 30, 2000, assumes the repayment of certain of our indebtedness using a portion of the net proceeds received from the offering as if the offering and the repayment had occurred on January 1, 2000.

This pro forma information does not purport to be indicative of the combined results of operations that actually would have taken place if the transactions had occurred at such dates. The pro forma Condensed Consolidated Statement of Operations should be read in conjunction with the Consolidated Financial Statements and related notes thereto included elsewhere in this prospectus.

YEAR ENDED DECEMBER 31, 2000	CLINFORCE(A)	HERITAGE(B)	PRO FORMA ADJUSTMENTS	PRO FORMA ACQUISITION ADJUSTMENTS	PRO FORMA CROSS COUNTRY COMBINED FOR OFFERING	AS ADJUSTED
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)					
Revenue from services	$ 367,690	$ 28,895	$ 11,148	$	407,733	$ 407,733
Operating expenses:						
Direct operating expenses	273,095	20,128	4,936		298,159	298,159
Selling, general and administrative expenses	49,027	4,766	4,563		58,356	58,356
Bad debt expense	433	110			543	543
Depreciation	1,324	135			1,459	1,459
Amortization	13,701	660			14,361	
			909(c)		15,270	15,270
Non-recurring indirect transaction costs	1,289				1,289	1,289
Total operating expenses	338,869	25,799	9,499		375,076	375,076
Income from operations	28,821	3,096	1,649		32,657	32,657
Interest expense, net	15,435				15,435	
			3,758 (d)		19,193	
			(14,789) (e)		4,404	
Income before income taxes	13,386	3,096	1,649		13,464	28,253
Income tax expense	6,730	1,227			7,957	
			(1,162)(f)		6,795	
			5,694 (f)		12,489	
Income from continuing operations	$ 6,656	$ 1,869	$ 1,649	$	6,669	$ 15,764
Basic and diluted income from continuing operations per common share	$ 0.29				$ 0.29	

========== Weighted
average common shares
outstanding: Basic and
diluted....... 23,205,388
-- -- 23,205,388
========== ==========
========== ==========

- ------------------------

(a) Represents the historical consolidated revenue and direct operating expenses of ClinForce for the twelve months ended December 31, 2000. ClinForce was a subsidiary of Edgewater Technology, Inc. ("Edgewater") prior to being acquired by us in March 2001. The operating results of ClinForce are not necessarily indicative of amounts that would have been incurred had ClinForce operated as a stand-alone business during the period presented. Edgewater provided substantial services to ClinForce during 2000. Edgewater has traditionally charged ClinForce a management fee for tax planning services and information system services through corporate allocations which were generally based on a percent of sales. The amount of corporate allocations was dependent upon the total amount of anticipated allocable costs incurred by Edgewater, less amounts charged as a specific cost or expense rather than by allocation. The amounts allocated for these services are not included in these pro forma statements because they are not necessarily indicative of amounts that would have been incurred by ClinForce had it operated on a stand-alone basis. Expenses relating to corporate advertising, accounting and legal services, officer salaries and other selling, general and administrative expenses were not allocated by Edgewater to ClinForce for internal financial statement purposes, and therefore, no amounts have been allocated for these services in these pro forma financial statements.

(b) Represents the historical results of Heritage for the period from January 1, 2000 through December 25, 2000.

(c) Pro forma adjustment to record the amortization of intangible assets acquired as a result of the ClinForce and Heritage acquisitions. Our intangible assets are amortized on a straight-line basis over periods ranging from 4.5--25 years.

An additional $6.5 million is contingently payable to Heritage based upon future EBITDA results.
Such amount is payable through 2003.

(d) Pro forma adjustment to record interest costs associated with the financing of the ClinForce and Heritage acquisitions using the weighted average interest rate in effect for the year ended December 31, 2000 (9.74%).

(e) Adjustment to record pro forma interest expense reduction as if $114.8 million of estimated offering proceeds were used to reduce outstanding debt through the repayment of $35.5 million of senior subordinated debt and repayment of $77.3 million of borrowings outstanding under our credit facility as of January 1, 2000.

(f) Pro forma adjustment for estimated income taxes at combined federal and state statutory rates for the effect of the other adjustments and to record pro forma income tax expense for Heritage which, prior to being acquired by Cross Country, was an LLC for which income tax expense was determined at the individual member level.

SIX MONTHS ENDED JUNE 30, 2001

--- PRO
FORMA ACQUISITION PRO FORMA
ADJUSTMENTS PRO FORMA CROSS
COUNTRY CLINFORCE(A)
ADJUSTMENTS COMBINED FOR
OFFERING AS ADJUSTED ----------
--- ----------- ---------- --
-------- ---------- ---------
-- (DOLLARS IN THOUSANDS,
EXCEPT SHARE AND PER SHARE
DATA) Revenue from
services..... $ 222,707
$ 7,693 $ 230,400 $ 230,400
Operating expenses: Direct
operating expenses.....
167,099 5,350 172,449 172,449
Selling, general and
administrative expenses.....
31,511 1,606 33,117 33,117 Bad

debt expense	862	862	862
Depreciation	1,163	35	1,198 1,198
Amortization	7,495	92	181(b) 7,768 7,768
Non-recurring indirect transaction costs			
Total operating expenses	208,130	7,083	215,394 215,394
Income from operations	14,577	610	15,006 15,006
Interest expense, net	8,532	179	440(c) 9,151 (5,815)(d) 3,336
Income before income taxes	6,045	431	5,855 11,670
Income tax expense	2,827	166	(239)(e) 2,754 2,239(e) 4,993
Income from continuing operations	$ 3,218	$ 265	$ 3,101 $ 6,677
Basic and diluted income from continuing operations per common share	$ 0.14	--	$ 0.13 $ --
Weighted average common shares outstanding: Basic and diluted	23,205,586	--	23,205,586 --

- ---

(a) Represents the historical consolidated revenues and direct operating expenses of ClinForce for the period from January 1, 2001 through March 16, 2001. ClinForce was a subsidiary of Edgewater. prior to being acquired by us in March 2001. The operating results of ClinForce are not necessarily indicative of amounts that would have been incurred had ClinForce operated as a stand-alone business during the period presented. Edgewater provided substantial services to ClinForce during 2000. Edgewater traditionally charged ClinForce a management fee for tax planning services and information system services through corporate allocations which were generally based on a percent of sales. The amount of corporate allocations was dependent upon the total amount of anticipated allocable costs incurred by Edgewater, less amounts charged as a specific cost or expense rather than by allocation. The amounts allocated for these services are not included in these pro forma statements because they are not necessarily indicative of amounts that would have been incurred by ClinForce had it operated on a stand-alone basis. Expenses relating to corporate advertising, accounting and legal services, officer salaries and other selling, general and administrative expenses were not allocated by Edgewater to ClinForce for internal financial statement purposes, and therefore, no amounts have been allocated for their services in the pro forma financial statements.

(b) Pro forma adjustment to record the amortization of intangible assets acquired as a result of the ClinForce acquisition. Our intangible assets are amortized on a straight-line basis over periods ranging from 4.5--25 years.

(c) Pro forma adjustment to record interest costs associated with the financing of the ClinForce acquisition using the weighted average interest rate in effect for the six months ended June 30, 2001 (9.17%).

(d) Adjustment to record pro forma interest expense reduction as if $114.8 million of estimated offering proceeds were used to reduce outstanding debt through the repayment of $37.7 million of senior subordinated debt and repayment of $75.2 million of borrowings outstanding under our credit facility as of January 1, 2001.

(e) Pro forma adjustment for estimated income taxes at combined federal and state statutory rates for the effect of the other adjustments.

THE FOLLOWING DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA AND OUR CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES THAT APPEAR ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

We are the largest provider of healthcare staffing services in the United States based on revenue. Approximately 80% of our revenue is derived from travel nurse staffing services. We also provide staffing of clinical research professionals and allied healthcare professionals such as radiology technicians, rehabilitation therapists and respiratory therapists. Our staffing operations are complemented by other human capital management services, including search and recruitment, consulting, education and training and resource management services. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce and Heritage, were $407.7 million and $50.7 million, respectively.

HISTORY

In July 1999, an affiliate of Charterhouse Group International, Inc. and certain members of management acquired the assets of Cross Country Staffing, our predecessor, from W. R. Grace & Co. Upon the closing of this transaction, we changed from a partnership to a C corporation form of ownership. In December 1999, we acquired TravCorps, which was owned by investment funds managed by Morgan Stanley Private Equity and certain members of TravCorps' management and subsequently changed our name to Cross Country TravCorps, Inc. In May 2001, we changed our name to Cross Country, Inc.

REVENUE

Travel nurse staffing revenue is received primarily from acute care hospitals. Our clinical trials staffing revenue is received primarily from pharmaceutical and biotechnology companies, as well as medical device manufacturers. Revenue from allied health staffing services is received from numerous sources, including providers of radiation, rehabilitation and respiratory services at additional venues including nursing homes, sports medicine clinics and schools. Our staffing placements are through contracts with assignments typically lasting 13 weeks or longer. Revenue from our search and recruitment, consulting and education and training services is received from numerous sources, including hospitals, physician group practices, insurance companies and individual healthcare professionals. Our fees are paid directly by our clients rather than by government or other third-party payors.

Revenue is recognized when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. Each of our field employees works for us under a contract. These contracts typically last 13 weeks. Payroll contract employees are hourly employees whose contract specifies the hourly rate they will be paid, including applicable overtime, and any other benefits they are entitled to receive during the contract period. For payroll contract employees, we bill clients at an hourly rate and assume all employee costs, including payroll, withholding taxes, benefits and professional liability insurance and Occupational Safety and Health Administration, or OSHA, requirements, as well as any travel and housing arrangements. Mobile contract employees are hourly employees of the hospital client and receive an agreement that specifies the hourly rates they will be paid by the hospital employer, as well as any benefits they are entitled to receive from us. For mobile contract employees, we provide recruitment, housing in apartments leased by the Company and travel services. The Company's contract with the healthcare professional obligates it to provide these services to the healthcare professional. The Company is compensated for the services it provides at a predetermined rate negotiated between the Company and its hospital client,

without regard to the Company's cost of providing these services. Currently more than 95% of our employees work under payroll contracts.

Our healthcare staffing revenue and earnings are impacted by the relative supply of and demand for nurses at healthcare facilities. We rely significantly on our ability to recruit and retain nurses and other healthcare personnel who possess the skills, experience and, as required, licensure necessary to meet the specified requirements of our clients. Shortages of qualified nurses and other healthcare personnel could limit our ability to fill open assignments and grow our revenue and EBITDA.

Fluctuations in patient occupancy at our clients' facilities may also affect the profitability of our business. As occupancy increases, temporary employees are often added before full-time employees are hired. As occupancy decreases, clients tend to reduce their use of temporary employees before undertaking layoffs of their regular employees. In addition, we may experience more competitive pricing pressure during periods of occupancy downturn.

ACQUISITIONS

In May 2001, we acquired Gill/Balsano, a healthcare management consulting firm, for $1.8 million in cash and potential earnout payments of $2.0 million.

In March 2001, we acquired ClinForce for $31.0 million in cash. In July 2001 a post-closing purchase price adjustment increased the purchase price and goodwill by $1.4 million each. ClinForce supplies supplemental staffing services for clinical trials. ClinForce's revenue was $28.9 million for the year ended December 31, 2000. We believe this acquisition will enable us to extend our services into a fragmented and complementary segment of the healthcare staffing market.

In December 2000, we completed the acquisition of Heritage, a provider of continuing education programs to the healthcare community, for a purchase price of approximately $6.5 million in cash and potential earnout payments of approximately $6.5 million. Heritage's revenue was $11.1 million for the period ended December 26, 2000.

In July 2000, we acquired E-Staff, an application service provider that has developed an internet subscription-based communication, scheduling, credentialing and training service business for healthcare providers, for $1.5 million in cash and potential earnout payments of $3.2 million.

In December 1999, we acquired all outstanding shares of TravCorps' common stock in exchange for shares of our common stock then valued at approximately $32.1 million and we assumed TravCorps' debt of $45.0 million. TravCorps had revenues of $113.0 million for the period December 27, 1998 to December 15, 1999.

DISCONTINUED OPERATIONS

In December 2000, we committed to a formal plan to divest HospitalHub, Inc., or HospitalHub, our electronic job board business, which began operations in 1999. The operating results of HospitalHub have been accounted for as discontinued operations in our consolidated financial statements and notes thereto and in the other financial information included herein. We completed the divestiture of HospitalHub in the second quarter of 2001.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets from the acquisition of the assets of Cross Country Staffing, our predecessor, and from subsequent acquisitions were $151.4 million and $98.0 million, respectively, at June 30, 2001. Goodwill and other intangible assets are being amortized using the straight-line method over their estimated useful lives ranging from 4.5 to 25 years. Goodwill and other intangible assets represented 199% of our stockholders' equity as of June 30, 2001. The amount of goodwill and other intangible assets amortized equaled 51.4% of our income from operations for the six months ended June 30, 2001.

In July 2001, the Financial Accounting Standards Board issued FAS No. 141, BUSINESS COMBINATIONS and FAS No. 142, INTANGIBLE ASSETS. FAS 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated before July 1, 2001. FAS 142 further clarifies the criteria to recognize intangible assets separately from goodwill and promulgates that goodwill and certain intangible assets not be amortized. Instead, these assets will be reviewed for impairment annually with any related losses recognized in earnings when incurred. These standards will apply to us beginning January 1, 2002 for existing intangible assets and July 1, 2001 for business combinations completed after June 30, 2001. The Company will adopt these standards prospectively.

RESULTS OF OPERATIONS

The following table summarizes, for the periods indicated, selected statement of operations data expressed as a percentage of revenue:

PREDECESSOR					
PERIOD FROM JANUARY 1- JULY 29, 1999	PERIOD FROM JULY 30- DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	SIX MONTHS ENDED JUNE 30, 2000	YEAR ENDED DECEMBER 31, 2001	
AS A % OF REVENUE					
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Direct operating expenses	76.9	75.6	77.6	74.3	74.2
Selling, general and administrative expenses	12.0	12.0	10.5	13.3	13.6
Bad debt expense	0.5	0.1	0.6	0.1	0.3
EBITDA(a)					

10.6 12.3 11.3 12.3 11.9 10.4
Depreciation and
amortization..... 0.7 0.7 5.2 4.1
4.5 3.9 Non-recurring indirect
transaction
costs..........................
-- -- -- 0.4 0.2 -- ----- ----- -
---- ----- ----- ----- Income
from operations............ 9.9
11.6 6.1 7.8 7.2 6.5 Interest
expense, net............. 0.5 0.2
5.5 4.2 4.4 3.8 Other
expenses................... 0.1
0.2 -- -- -- -- ----- ----- -----
----- ----- ----- Income before
income taxes and discontinued
operations......... 9.3 11.2 0.6
3.6 2.8 2.7 Income tax
expense(b)............. -- -- 0.8
1.8 1.4 1.3 ----- ----- ----- ---
-- ----- ----- Income (loss)
before discontinued
operations.....................
9.3 11.2 (0.2) 1.8 1.4 1.4 Loss
from discontinued operations, net
of income taxes............. -- -
- (0.2) (0.4) (0.4) -- Estimated
loss on disposal of discontinued
operations......... -- -- --
(0.1) -- (0.2) ----- ----- -----
----- ----- ----- Net income
(loss)................. 9.3%
11.2% (0.4)% 1.3% 1.0% 1.2% =====
===== ===== ===== ===== =====

- -----------------------

(a) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(b) Prior to July 30, 1999, we were a partnership for which income tax expense was determined at the partner level.

SEGMENT INFORMATION

PREDECESSOR --------------

PERIOD FROM PERIOD FROM
SIX MONTHS YEAR ENDED
JANUARY 1- JULY 30- YEAR
ENDED ENDED JUNE 30,
DECEMBER 31, JULY 29,
DECEMBER 31, DECEMBER 31,
------------------- 1998
1999 1999 2000 2000 2001 -
------------ ------------
------ ----------------- -
------------ -------- ----
---- (DOLLARS IN
THOUSANDS) Revenue:
Healthcare
staffing........ $156,951
$101,398 $ 85,595 $350,856
$169,670 $205,753 Other
human capital management
services...... 1,641 4,649
2,132 16,834 7,980 16,954
-------- -------- --------
-------- -------- --------
$158,592 $106,047 $ 87,727
$367,690 $177,650 $222,707
======== ======== ========
======== ======== ========

Contribution income(a):						
Healthcare staffing	$ 28,344	$ 19,409	$ 15,518	$ 61,894	$ 29,794	$ 29,576
Other human capital management services	(397)	693	(95)	4,290	2,175	3,995
Unallocated corporate overhead	11,098	7,087	5,500	21,049	10,882	10,336
EBITDA	$ 16,849	$ 13,015	$ 9,923	$ 45,135	$ 21,087	$ 23,235

- ------------------------

(a) We define contribution income as earnings before interest, taxes, depreciation, amortization and corporate expenses not specifically identified to a reporting segment.

The following sections should be read in conjunction with the History and Acquisitions sections that appear above in this Management's Discussion and Analysis.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000

Revenue increased by 25.4% to $222.7 million for the six months ended June 30, 2001 as compared to $177.7 million for the six months ended June 30, 2000. Revenue from our healthcare staffing segment increased 21.3% to $205.8 million for the six months ended June 30, 2001 as compared to $169.7 million for the six months ended June 30, 2000. Revenue included from ClinForce, which was acquired on March 16, 2001 totaled $10.7 million for the six months ended June 30, 2001. Excluding the effect of this acquisition, revenue increased $25.4 million, or 15.0%, as compared with the six months ended June 30, 2000. This increase is primarily due to an increase in the average hourly bill rate along with an increase in the average number of field employees, offset, in part, by a modest reduction in the average number of hours billed per FTE per week. The average hourly bill rate increased primarily as a result of bill rate increases and, to a lesser extent, an increase in the percentage of nurses working under staffing rather than mobile contracts. The average number of hours worked per week per FTE decreased primarily as a result of an increase in the number of nurses working three 12 hour shifts rather than five 8 hour shifts. For the six months ended June 30, 2001, 87.1% of healthcare staffing revenue was generated by nurse staffing operations and 12.9% was generated by other operations. For the six months ended June 30, 2000, 92.1% of healthcare staffing revenue was generated by nurse staffing operations and 7.9% was generated by other operations.

Revenue from our other human capital management services segment increased 112.5% to $17.0 million for the six months ended June 30, 2001 as compared to $8.0 million for the six months ended June 30, 2000. Revenue included from Heritage, which was acquired on December 26, 2000, totaled $6.7 million for the six months ended June 30, 2001. Excluding the effect of this acquisition, revenue increased $2.3 million, or 28.5%, as compared with the six months ended June 30, 2000. This increase is primarily due to revenue from growth in our physician search and existing consulting businesses, as well as our acquisition of Gill/Balsano.

Direct operating expenses are comprised primarily of field employee compensation expenses, housing expenses, travel expenses and field insurance expenses. Direct operating expenses totaled $167.1 million for the six months ended June 30, 2001 as compared to $131.9 million for the six months ended June 30, 2000. As a percentage of revenue, direct operating expenses represented 75.0% of

revenue for the six months ended June 30, 2001 as compared with 74.2% for the six months ended June 30, 2000. The increase in direct operating expenses as a percent of revenue was mostly attributable to an increase in field salaries, housing costs and health insurance. These increases were offset in part by the relatively lower direct operating expenses, as a percent of revenue, for each of Heritage and ClinForce.

Selling, general and administrative expenses are comprised primarily of corporate and administrative personnel compensation, advertising, referral bonuses, insurance, communication, rent, utilities and postage and delivery. Selling, general and administrative expenses totaled $31.5 million for the six months ended June 30, 2001 as compared to $24.2 million for the six months ended June 30, 2000. As a percentage of revenue, selling, general and administrative expenses increased to 14.1% of revenue for the six months ended June 30, 2001, as compared with 13.6% for the six months ended June 30, 2000. The increase is a

result of the acquisitions of Heritage and ClinForce, which have historically higher selling, general and administrative expense than the travel nurse staffing business. We expect selling, general and administrative expenses as a percent of revenue to continue to remain higher throughout 2001, as compared to 2000, as a result of the acquisitions of Heritage and ClinForce, which have historically had higher selling, general and administrative expenses than our travel nurse staffing business.

Bad debt expense totaled $0.9 million for the six months ended June 30, 2001 as compared to $0.5 million for the six months ended June 30, 2000. As a percentage of revenue, bad debt expense represented 0.4% of revenue for the six months ended June 30, 2001 as compared with 0.3% for the six months ended June 30, 2000.

EBITDA, as a result of the above, totaled $23.2 million for the six months ended June 30, 2001 as compared to $21.1 million for the six months ended June 30, 2000. As a percentage of revenue, EBITDA represented 10.4% of revenue for the six months ended June 30, 2001 as compared with 11.9% for the six months ended June 30, 2000.

Depreciation and amortization expense totaled $8.7 million for the six months ended June 30, 2001 as compared to $7.9 million for the six months ended June 30, 2000. The increase was primarily due to the increased amortization of goodwill and other intangibles resulting from the Heritage and ClinForce acquisitions. As a percentage of revenue, depreciation and amortization expense declined to 3.9% of revenue for the six months ended June 30, 2001 as compared to 4.5% for the six months ended June 30, 2000.

Non-recurring indirect transaction costs for the six months ended June 30, 2000 were $0.4 million, comprised of non capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

Income from operations totaled $14.6 million for the six months ended June 30, 2001 and $12.7 million for the six months ended June 30, 2000. As a percentage of revenue, income from operations represented 6.5% of revenue for the six months ended June 30, 2001 as compared with 7.2% for the six months ended June 30, 2000.

Net interest expense totaled $8.5 million for the six months ended June 30, 2001 as compared to $7.7 million for the six months ended June 30, 2000. This increase was primarily due to borrowings related to the Heritage and ClinForce acquisitions, offset in part by lower average borrowing costs.

Income before income taxes and discontinued operations totaled $6.0 million for the six months ended June 30, 2001 as compared to $5.0 million for the six months ended June 30, 2000 due to the factors discussed above.

Income tax expense totaled $2.8 million for the six months ended June 30, 2001 as compared to $2.5 million for the six months ended June 30, 2000.

Income before discontinued operations totaled $3.2 million for the six months ended June 30, 2001 as compared to $2.5 million for the six months ended June 30, 2000.

Losses from discontinued operations, net of income tax benefits, in connection with HospitalHub were $0.5 million for the six months ended June 30, 2001 as compared to $0.7 million for the six months ended June 30, 2000. A $0.5 million loss was recognized on the planned disposal of the HospitalHub operation during the six months ended June 30, 2001. The divestiture of HospitalHub was completed in the second quarter of 2001. An additional charge was necessary as the actual losses on disposal incurred and anticipated were more than estimated in December 2000.

Net income for the six months ended June 30, 2001 was $2.7 million as compared to $1.8 million for the six months ended June 30, 2000.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999

Revenue for the year ended December 31, 2000 totaled $367.7 million as compared to $193.8 million for the two periods that comprise 1999. Revenue for the two periods that comprise 1999 includes the results of TravCorps from its date of acquisition on December 16, 1999. Had the results of TravCorps' operations for the full year of 1999 been included with the combined revenue for the two periods in 1999, revenue would have increased by 19.9% to $367.7 million in 2000 from $306.6 million in 1999.

Revenue from our healthcare staffing segment for the year ended December 31, 2000 totaled $350.9 million as compared to $187.0 million for the two periods that comprise 1999. Revenue for the two periods that comprise 1999 includes the results of TravCorps from its date of acquisition on December 16, 1999. Had the results of TravCorps' operations for the full year of 1999 been included with the combined revenue for the two periods in 1999, revenue from our healthcare staffing segment would have increased by 22.7% to $350.9 million in 2000 from $285.9 million in 1999. The increase was attributable to an increase in the average number of traveling nurses, a higher average hourly bill rate and

increased allied health staffing revenue. For the year ended December 31, 2000, 92.5% of healthcare staffing revenue was generated by nurse staffing operations and 7.5% was generated by other operations. For the two periods that comprise 1999, 91.9% of healthcare staffing revenue was generated by nurse staffing operations and 8.1% was generated by other operations.

Revenue from our other human capital management services segment for the year ended December 31, 2000 totaled $16.8 million as compared to $6.8 million for the two periods that comprise 1999. Revenue for the two periods that comprise 1999 includes the results of TravCorps from its date of acquisition on December 16, 1999. Had the results of TravCorps' operations for the full year of 1999 been included with the combined revenue for the two periods in 1999, revenue from our other human capital management services segment would have decreased by 18.4% to $16.8 million in 2000 from $20.6 million in 1999. This decrease was due to a decrease in year 2000-related consulting services offset, in part, by an increase in our search and consulting business.

Direct operating expenses for the year ended December 31, 2000 totaled $273.1 million as compared to $68.0 million for the five-month period July 30-December 31, 1999 and $80.2 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, direct operating expenses represented 74.3% of revenue for the year ended December 31, 2000 compared with 77.6% for the five-month period July 30-December 31, 1999 and 75.6% for the seven-month period January 1-July 29, 1999. The relative improvement was largely a result of the inclusion of revenue from our search, recruitment and consulting subsidiaries, for which all salaries and related expenses are classified as selling, general and administrative expenses. We acquired these subsidiaries in December 1999 in connection with our acquisition of the assets of TravCorps. In addition, for 1999, a change was made in the manner by which we compensated travel nurses and allied health professionals which resulted in greater direct operating expenses, as a percentage of revenue for the five-month period July 30-December 31, 1999.

Selling, general and administrative expenses for the year ended December 31, 2000 totaled $49.0 million as compared to $9.3 million for the five-month period July 30-December 31, 1999 and $12.7 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, selling, general and administrative expenses represented 13.3% of revenue for the year ended December 31, 2000 compared with 10.5% for the five-month period July 30-December 31, 1999 and 12.0% for the seven-month period January 1-July 29, 1999. The relative increase in 2000 resulted from inclusion of the TravCorps operations, which historically have had greater selling, general and administrative expenses on a percentage of revenue basis. The decrease in selling, general and administrative expenses during the period July 30-December 31, 1999 as compared with the period January 1-July 30, 1999 was due to the modification of a management incentive program in July 1999.

Bad debt expense for the year ended December 31, 2000 totaled $0.4 million as compared to $0.5 million for the five-month period July 30-December 31, 1999 and $0.2 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, bad debt expense represented 0.1% of revenue for 2000 compared with 0.6% for the five-month period July 30-December 31, 1999 and 0.1% for the seven-month period January 1-July 29, 1999. The increase in bad debt expense during the five-month period July 30-December 31, 1999 was due to the increase in the aging of accounts relating to one provider.

EBITDA, as a result of the above, totaled $45.1 million for the year ended December 31, 2000 as compared to $9.9 million for the five-month period July 30-December 31, 1999 and $13.0 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, EBITDA represented 12.3% of revenue for the year ended December 31, 2000 compared with 11.3% for the five-month period July 30-December 31, 1999 and 12.3% for the seven-month period January 1-July 29, 1999.

Depreciation and amortization expense for the year ended December 31, 2000 totaled $15.0 million as compared to $4.6 million for the five-month period July 30-December 31, 1999 and $0.7 million for the seven-month period January 1-July 29, 1999. The increase in depreciation and amortization expense in 2000 was due to amortization of goodwill resulting from the acquisition of the assets of Cross Country Staffing and the TravCorps acquisition. As a percentage of revenue, depreciation and amortization expense represented 4.1% of revenue for 2000 compared with 5.2% for the five-month period July 30-December 31, 1999 and 0.7% for the seven-month period January 1-July 29, 1999.

Non-recurring indirect transaction costs totaled $1.3 million for the year ended December 31, 2000, which consisted primarily of transition bonuses related to the TravCorps acquisition.

Income from operations for the year ended December 31, 2000 totaled $28.8 million as compared to $5.3 million for the five-month period July 30-December 31, 1999 and $12.3 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, income from operations represented 7.8% of revenue for the year ended December 31, 2000 compared with 6.1% for the five-month period July 30-December 31, 1999 and 11.6% for the seven-month period January 1-July 29, 1999.

Net interest expense for the year ended December 31, 2000 totaled $15.4 million as compared to $4.8 million for the five-month period July 30-December 31, 1999 and $0.2 million for the seven-month period January 1-July 29, 1999. The increase in 2000, and for the five-month period July 30-December 31, 1999, was due to debt incurred in connection with our acquisition of the assets of Cross Country Staffing in July 1999 and a higher weighted average effective borrowing rate.

Income before income taxes and discontinued operations for the year ended December 31, 2000 totaled $13.4 million as compared to $0.5 million for the five-month period July 30-December 31, 1999 and $11.9 million for the seven-month period January 1-July 29, 1999.

Income tax expense for the year ended December 31, 2000 was $6.7 million as compared to $0.7 million for the five-month period July 30-December 31, 1999. Our effective tax rate was 50.3% for the year ended December 31, 2000 and 128.0% for the period July 30-December 31, 1999 largely as a

result of non-deductible expenses. Excluding the effects of non-deductible items and the tax benefit of our discontinued operations, our effective tax rates for the year ended December 31, 2000 and for the period July 30-December 31, 1999 were 41.5% and 34.7%, respectively. Prior to July 30, 1999, we were a partnership for which income tax expense was determined at the partner level. Pro forma adjustments have been made in the Cross Country Staffing financial statements included elsewhere in this prospectus as if we were subject to federal income taxes for the seven-month period January 1-July 29, 1999 using a 49.0% effective tax rate. On a pro forma basis, income tax expense was $5.8 million for the seven-month period January 1-July 29, 1999.

Income before discontinued operations totaled $6.7 million for the year ended December 31, 2000 as compared to a loss of $0.1 million for the five-month period July 30-December 31, 1999.

Losses from discontinued operations, net of income tax benefits, for the year ended December 31, 2000, and the five-month period July 30-December 31, 1999, were $1.6 million and $0.2 million, respectively, in connection with HospitalHub, which began operations in 1999. Also for the year ended December 31, 2000, a $0.5 million loss was recognized on the planned disposal of HospitalHub. The divestiture of HospitalHub was completed in the second quarter of 2001.

Net income for the year ended December 31, 2000 totaled $4.6 million as compared to a net loss of $0.3 million for the five-month period July 30-December 31, 1999. Net income for the seven-month period January 1-July 29, 1999 was $6.0 million, including a pro forma adjustment for income tax expense as discussed above.

THE SEVEN-MONTH PERIOD JANUARY 1, 1999-JULY 29, 1999 AND THE FIVE-MONTH PERIOD JULY 30, 1999-DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Revenue for the five-month period July 30-December 31, 1999 totaled $87.7 million and for the seven-month period January 1-July 29, 1999 totaled $106.0 million as compared to $158.6 million for 1998. Combined revenue for the two periods that comprise 1999 totaled $193.8 million, representing a 22.2% increase over the year ended December 31, 1998.

Revenue from our healthcare staffing segment for the five-month period July 30-December 31, 1999 totaled $85.6 million and for the seven-month period January 1-July 29, 1999 totaled $101.4 million as compared to $157.0 million for 1998. Combined revenue from our healthcare staffing segment for the two periods that comprise 1999 totaled $187.0 million, representing a 19.1% increase over the year ended December 31, 1998. The increase was primarily due to increases in the number of hours worked by our travel nurses and in the average hourly bill rate, as well as by a greater mix of staffing business in payroll versus mobile contracts. For the two periods that comprise 1999, 91.9% of healthcare staffing revenue was generated by nurse staffing operations and 8.1% was generated by other operations. For the year ended December 31, 1998, 87.5% of healthcare staffing revenue was generated by nurse staffing operations and 12.5% was generated by other operations.

Revenue from our other human capital management services segment for the five-month period July 30-December 31, 1999 totaled $2.1 million and for the seven-month period January 1-July 29, 1999 totaled $4.6 million as compared to $1.6 million for 1998. Combined revenue from our other human capital management services segment for the two periods that comprise 1999 totaled $6.8 million, representing a 313.2% increase over the year ended December 31, 1998. This increase was primarily due to an increase in year 2000-related consulting revenues.

Direct operating expenses for the five-month period July 30-December 31, 1999 totaled $68.0 million and for the seven-month period January 1-July 29, 1999 totaled $80.2 million as compared to $122.0 million for the year ended December 31, 1998. As a percentage of revenue, direct operating expenses represented 77.6% of revenue for the five-month period July 30-December 31, 1999 and 75.6% for the seven-month period January 1-July 29, 1999 as compared to

76.9% for the year ended December 31, 1998. In 1999, a change was made in the manner by which we compensated travel nurses and allied health professionals which resulted in greater direct operating expenses, as a percentage of

revenue for the five-month period July 30-December 31, 1999. The relative improvement, as a percent of revenue, during the seven-month period January 1-July 29, 1999 as compared to the year ended December 31, 1998 was due to a a greater percentage increase in billing rates than field employee compensation expense.

Selling, general and administrative expenses for the five-month period July 30-December 31, 1999 totaled $9.3 million and for the seven-month period January 1-July 29, 1999 totaled $12.7 million as compared to $19.1 million for the year ended December 31, 1998. As a percentage of revenue, selling, general and administrative expenses was 10.5% of revenue for the five-month period July 30-December 31, 1999 and 12.0% for the seven-month period January 1-July 29, 1999 compared with 12.0% for the year ended December 31, 1998. The decrease in selling, general and administrative expenses as percentage of revenue during the July 30-December 31, 1999 period was due to the modification of a management incentive program in July 1999.

Bad debt expense for the five-month period July 30-December 31, 1999 totaled $0.5 million and for the seven-month period January 1-July 29, 1999 totaled $0.2 million as compared to $0.7 million for the year ended December 31, 1998. As a percentage of revenue, bad debt expense was 0.6% of revenue for the five-month period July 30-December 31, 1999, 0.1% for the seven-month period January 1-July 29, 1999 and 0.5% for 1998. The relative improvement from 1998 to the seven-month period January 1-July 29, 1999 was attributable to better collections of aged receivables. The increase in bad debt expense during the five-month period July 30-December 31, 1999 was due to the increase in the aging of accounts relating to one provider.

EBITDA, as a result of the above, for the five-month period July 30-December 31, 1999 totaled $9.9 million and for the seven-month period January 1-July 29, 1999 totaled $13.0 million as compared to $16.8 million for the year ended December 31, 1998. As a percentage of revenue, EBITDA represented 11.3% of revenue for the five-month period July 30-December 31, 1999 and 12.3% for the seven-month period January 1-July 29, 1999 as compared to 10.6% for the year ended December 31, 1998.

Depreciation and amortization expense for the five-month period July 30-December 31, 1999 totaled $4.6 million and for the seven-month period January 1-July 29, 1999 totaled $0.7 million as compared to $1.1 million for the year ended December 31, 1998. As a percentage of revenue, depreciation and amortization expense represented 5.2% of revenue for the five-month period July 30-December 31, 1999 and 0.7% for the seven-month period January 1-July 29, 1999 as compared to 0.7% for the year ended December 31, 1998. The relative increase for the five-month period July 30-December 31, 1999 was due principally to amortization of goodwill and other intangible assets which resulted from the acquisition of the assets of Cross Country Staffing.

Income from operations for the five-month period July 30-December 31, 1999 totaled $5.3 million and for the seven-month period January 1-July 29, 1999 totaled $12.3 million as compared to $15.7 million for the year ended December 31, 1998. As a percentage of revenue, income from operations represented 6.1% of revenue for the five-month period July 30-December 31, 1999 and 11.6% for the seven-month period January 1-July 29, 1999 as compared to 9.9% for the year ended December 31, 1998.

Net interest expense for the five-month period July 30-December 31, 1999 totaled $4.8 million and for the seven-month period January 1-July 29, 1999 totaled $0.2 million as compared to $0.8 million for the year ended December 31, 1998. The relative increase in net interest expense for the five-month period July 30-December 31, 1999 was due to debt incurred in connection with our acquisition of the assets of Cross Country Staffing, in July 1999, and a higher weighted average effective borrowing rate.

Income before income taxes and discontinued operations for the five-month period July 30-December 31, 1999 totaled $0.5 million and for the seven-month period January 1-July 29, 1999 totaled $11.9 million as compared to $14.7 million for the year ended December 31, 1998. As a percentage of revenue, income before income taxes and discontinued operations represented 0.6% of

revenue for the five-month period July 30-December 31, 1999 and 11.2% for the seven-month period January 1-July 29, 1999 as compared to 9.3% for the year ended December 31, 1998.

Income tax expense for the five-month period July 30-December 31, 1999 totaled $0.7 million. Our effective tax rate was 128% for the five-month period July 30-December 31, 1999 largely as a result of non-deductible expenses. Excluding the effects of non-deductible items and the tax benefit of discontinued operations, our effective tax rate for the five-month period July 30-December 31, 1999 was 34.7%. For the seven-month period January 1-July 29, 1999 and for the year ended December 31, 1998, our

predecessor was a partnership for which income tax expense was determined at the partner level. Pro forma adjustments have been made in the Cross Country Staffing financial statements included elsewhere in this prospectus as if we were subject to federal income taxes for the seven-month period January 1-July 29, 1999 using a 49.0% effective tax rate. On a pro forma basis, income tax expense was $5.8 million for the seven-month period January 1-July 29, 1999.

Loss before discontinued operations for the five-month period July 30-December 31, 1999 totaled $0.1 million.

Loss from discontinued operations, net of taxes, for the five-month period July 30-December 31, 1999 was $0.2 million, in connection with HospitalHub, which began operations in 1999. The divestiture of HospitalHub was completed in the second quarter of 2001.

Net loss for the five-month period July 30-December 31, 1999 was $0.3 million. Net income for the seven-month period January 1-July 29, 1999 was $6.1 million, including a pro forma adjustment for income tax expense as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2001, we had a current ratio, the amount of current assets divided by current liabilities, of 1.8 to 1.0. Working capital increased by $3.8 million to $38.2 million as of June 30, 2001, compared to $34.4 million as of December 31, 2000. The increase in working capital is primarily due to an increase in accounts receivable offset by an increase in accrued employee compensation and benefits. Although accounts receivable increased, days sales outstanding decreased to 59 days at June 30, 2001 compared with 64 days at December 31, 2000. The increase in employee compensation and benefits was due to timing of employee payroll payments.

Our operating cash flows constitute our primary source of liquidity and historically have been sufficient to fund our working capital, capital expenditures, internal business expansion and debt service. We believe that our capital resources are sufficient to meet our working capital needs for the next twelve months. We expect to meet our future working capital, capital expenditures, internal business expansion, debt service and acquisition requirements from a combination of operating cash flow and funds available under our credit facility.

CREDIT FACILITY

The credit facility is provided by a lending syndicate comprised of Citicorp USA, GE Capital, Wachovia Bank, Deutsche Bank, Suntrust Bank, Fleet Bank, IBJ Whitehall, ING US Capital, Sovereign Bank, Merrill Lynch, Bank of America and Provident Bank of Maryland. In March 2001, we amended our credit facility. The amended credit facility is comprised of (i) a revolving credit facility of up to $30.0 million, including a swing-line sub-facility of $7.0 million and a letter of credit sub-facility of $6.0 million, and (ii) a $144.9 million term loan facility. The revolving facility matures on July 29, 2005 and the term loan facility has staggered maturities in 2001, 2002, 2003, 2004 and 2005.

Borrowings under the amended credit facility bear interest at variable rates based, at our option, on LIBOR or the prime rate plus various applicable margins which are determined by the amended credit facility. As of June 30, 2001, the weighted average effective interest rate under the amended credit facility was 7.86%. We are required to pay a quarterly commitment fee at a rate of 0.50% per annum on unused commitments under the revolving loan facility. As of August 1, 2001, we had

availability under our revolving credit facility of $25.9 million and under our letter of credit sub-facility of $1.9 million.

The terms of the amended credit facility include customary covenants and events of default. Our investments covenant requires us to obtain the consent of our lenders to complete any acquisition, the costs of which exceeds $10.0 million. In addition, after this offering, if affiliates of Charterhouse and investment funds managed by Morgan Stanley Private Equity, as a group, cease to beneficially own at least 45.0% of our capital stock, a change of control, which constitutes an event of default, will occur under the credit facility. In the event of an event of default, our lenders may terminate their lending commitments to us and declare our outstanding indebtedness under the credit facility due and payable, together with accrued but unpaid interest and fees. Borrowings under the amended credit facility are collateralized by substantially all our assets and the assets of our subsidiaries.

Our credit facility requires us to use the first $40.0 million of proceeds from this offering to reduce amounts outstanding thereunder. If after giving effect to such application of proceeds, we satisfy the requisite debt to EBITDA ratio specified in the credit facility, we are permitted to use remaining net cash proceeds of this offering to redeem the outstanding principal on our senior subordinated pay-in-kind notes, plus accrued interest and any fees and expenses related to prepayment.

SENIOR SUBORDINATED PAY-IN-KIND NOTES

On July 29, 1999, we issued $30.0 million of senior subordinated pay-in-kind notes to BT Investment Partners, Inc. and The Northwestern Mutual Life Insurance Company. We used the proceeds of the senior subordinated notes to finance the acquisition of the assets of Cross Country Staffing, our predecessor, and to pay our transaction fees and expenses. Interest on the senior subordinated notes accrues at 12.0% per annum and is compounded quarterly. The senior subordinated notes mature at the earlier of six months after the final maturity of the amended credit facility or upon a change in control. We plan to redeem our senior subordinated pay-in-kind notes out of the proceeds of this offering. In connection with our proposed redemption of the senior subordinated pay-in-kind notes, we will be required to pay a redemption premium equal to 4.0% of outstanding principal plus accrued and unpaid interest on the notes.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000

Net cash provided by operating activities for the six months ended June 30, 2001 increased $2.5 million to $13.0 million compared to $10.5 million for the six months ended June 30, 2000. The use of cash from investing activities totaled $36.3 million for the six months ended June 30, 2001 compared to a use of $0.7 million in the six months ended June 30, 2000. Investing activities for the six months ended June 30, 2001 included approximately $31.4 million for the acquisition of ClinForce and $2.1 million for the acquisitions of Heritage and Gill/Balsano. No acquisitions were completed during the six months ended June 30, 2000. Net cash provided by financing activities for the six months ending June 30, 2001 increased by $36.7 million to a provision of the $23.3 million as compared to a use of $13.4 million for the six months ended June 30, 2000. The source of the $23.3 million in the six months ended June 30, 2001 was primarily new debt associated with the acquisitions offset by repayment of prior borrowings with cash provided by operating activities.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO THE FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999

Net cash provided by operating activities for 2000 increased $4.1 million to a provision of $10.4 million as compared to a provision of $6.3 million for the five-month period July 30-December 31, 1999 and a provision of $12.2 million for the seven-month period January 1-July 29, 1999. Excluding income tax expense, our cash flow from operations was $17.1 million in 2000 compared with $7.0 million for the period July 30-December 31, 1999 and $12.2 million for the period January 1-July 29, 1999. The use of cash from investing activities for 2000 increased

$11.0 million to a use of $9.6 million as compared to a provision of $1.4 million for the five-month period from July 30-December 31, 19999 and a use of $0.2 million for the seven-month period January 1-July 29, 1999. Investing activities during 2000 included $6.2 million for the acquisition of Heritage and $1.5 million for the acquisition of E-Staff as compared to net cash provided by acquisitions for the five-month period July 30-December 31, 1999 of $1.8 million from the acquisition of TravCorps. No acquisitions were completed during the period from January 1-July 30, 1999. Net cash used by financing activities for 2000 increased $2.5 million to a use of $5.6 million as compared to a use of $3.1 million for the five-month period July 30-December 31, 1999 and a use of $12.0 million for the seven-month period January 1-July 29, 1999. Financing activities for 2000 consisted of borrowings and repayments under debt agreements, including primarily $5.1 million of net repayments under our term loan agreement, borrowing of $3.9 million of subordinated debt and net repayments under our revolver and swing line agreements of $1.0 million.

FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Net cash provided by operating activities for the five-month period July 30-December 31, 1999 decreased $5.9 million to a provision of $6.3 million as compared to a provision of $12.2 million for the seven-month period January 1-July 29, 1999 and a provision of $14.4 million for 1998. The use of cash from investing activities for the five-month period July 30-December 31, 1999 decreased $1.6 million to a provision of $1.4 million as compared to a use of $0.2 million for the seven-month period from January 1-July 29, 1999 and a use of $1.0 million for 1998. The net cash provided by acquisitions for the five-month period July 30-December 31, 1999 included $1.8 million from the acquisition of TravCorps. Net cash used by financing activities the five-month period July 30-December 31, 1999 decreased $8.9 million to a use of $3.1 million as compared to a use of $12.0 million for the seven-month period January 1-July 29, 1999 and a use of $13.5 million for 1998.

INFLATION

During the last several years, the rate of inflation in healthcare related services has exceeded that of the economy as a whole. This inflation has increased our direct operating costs. We are also impacted by fluctuations in housing costs. Historically, we have been able to recoup the negative impact of such fluctuations by increasing our billing rates. We may not be able to continue increasing our billing rates and increases in our direct operating costs may adversely affect us in the future. In addition, our clients are

impacted by payments of healthcare benefits by federal and state governments as well as private insurers.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate changes, primarily as a result of our credit facility which bears interest based on floating rates. We are party to an interest rate swap agreement which fixes the interest rate paid on $45.0 million of borrowings under our credit facility at 6.705% effective January 1, 2001, plus the applicable margin. The swap matures in February 2003. Prior to January 2001, we accounted for the swap agreement as a hedge, which means changes in the fair value of the swap were not required to be recognized in earnings. Effective January 1, 2001, we adopted Statement of Financial Accounting Standard No. 133 ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. Upon adopting SFAS No. 133, we recorded a liability for the fair value of the swap, which reduced consolidated stockholders' equity by $910,000. We will recognize changes in the fair value of the swap in earnings to the extent such changes are greater or less than the corresponding change in the fair value of the future variable interest payments on the portion of the debt underlying the swap. We do not contemplate that such changes will be material to our results of operations for the remainder of 2001. However, changes in interest rates which result in a yield curve that is different from those projected may cause changes in the fair value of the swap to have a significant impact on our results of operations.

A 1% change in interest rates on variable rate debt would have resulted in interest expense fluctuating approximately $0.4 million for 1999, $1.2 million for 2000, and $0.7 million for the six months ended June 30, 2001.

BUSINESS OF CROSS COUNTRY, INC.

OVERVIEW OF OUR COMPANY

We are the largest provider of healthcare staffing services in the United States based on revenue. Approximately 80% of our revenue is derived from travel nurse staffing services. Other staffing services include the placement of clinical research professionals and allied healthcare professionals such as radiology technicians, rehabilitation therapists and respiratory therapists. We also provide other human capital management services, including search and recruitment, consulting, education and training and resource management services. Our active client base includes over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. Our fees are paid directly by our clients rather than by government or other third-party payors. We are well positioned to take advantage of current industry dynamics, including the growing shortage of nurses in the United States, the growing demand for healthcare services and the trend among healthcare providers toward outsourcing staffing services. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce and Heritage, were $407.7 million and $50.7 million, respectively.

OVERVIEW OF OUR INDUSTRY

The STAFFING INDUSTRY REPORT, an independent staffing industry publication, estimates that the healthcare segment of the temporary staffing market generated $7.2 billion in revenue in 2000 and that this segment will grow 18% to $8.5 billion in 2001.

The most common temporary nurse staffing alternatives available to hospital administrators are travel nurses and per diem nurses.

- Travel nurse staffing involves placement of registered nurses on a contracted, fixed-term basis. Travel nurses provide a long-term solution to a nurse shortage, present hospitals and other healthcare facilities with a pool of potential full-time job candidates and enable healthcare facilities to provide their patients with continuity of care. Assignments may run several weeks to one year, but are typically 13 weeks long. The healthcare professional temporarily relocates to the geographic area of the assignment. The staffing company generally is responsible for providing travel nurses with customary employment benefits and for coordinating travel and housing arrangements.

- Per diem staffing comprises the majority of all temporary healthcare staffing and involves placement of locally based healthcare professionals on very short-term assignments, often for daily shift work. Per diem staffing often involves little advance notice of assignments by the client.

INDUSTRY DYNAMICS

SHORTAGE OF NURSES. There is a pronounced shortage of registered nurses, especially experienced, specialty nurses who staff operating rooms, emergency rooms, intensive care units and pediatric wards. A recent study published in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION, estimates that by 2020, the nationwide registered nurse workforce will be nearly 20% below projected requirements.

Several factors have contributed to the decline in the supply of nurses:

- The nurse pool is getting older and retiring. The study in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION projects that within the next ten years, the average age of registered nurses will increase 3.5 years to over 45.

- Enrollment in nursing education programs is decreasing. According to the American Association of Colleges of Nursing, nursing school enrollments have declined at an average rate of 5% for each of the past six years.

- Many registered nurses are choosing to pursue careers outside of acute care hospitals or in professions other than nursing.

The shortage of nurses drives demand for our services because hospitals turn to temporary nurses to make up for shortfalls in their permanent staff.

INCREASING UTILIZATION OF HEALTHCARE SERVICES. There are a number of factors driving an increase in the utilization of healthcare services, including:

- Increasing demand for healthcare services as a result of the aging of the baby boomers; and

- Technological advances in healthcare treatment methods which attract a greater number of patients with complex medical conditions requiring a higher intensity of care.

The U.S. Healthcare Financing Administration projects total healthcare expenditures to grow by 8.6% in 2001 and by 7.1% annually from 2001 through 2010. According to these projections, healthcare expenditures will account for approximately $2.6 trillion or 15.9% of U.S. gross domestic product by 2010.

INCREASED OUTSOURCING OF STAFFING SERVICES. Healthcare providers are increasingly using temporary staffing to manage seasonal fluctuations in demand for their services.

The following factors have created seasonal fluctuations in demand for healthcare personnel:

- Seasonal population swings, in areas such as the sunbelt states of Florida, Arizona and California in the winter months and the northeast in the summer months.

- Seasonal changes in occupancy rates that tend to increase during the winter months and decrease during the summer months.

The use of temporary personnel enables these providers to vary their staffing levels to match these changes in demand and avoid the more costly alternative of hiring permanent medical staff.

The healthcare staffing industry also includes the temporary staffing of doctors and dentists, allied health personnel and professionals, and advanced practice professionals, but excludes home healthcare services. Healthcare staffing is also expanding, providing new specialties such as medical billing and receptionists.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- LEADER IN THE RAPIDLY GROWING NURSE STAFFING INDUSTRY. We have operated in the travel nurse staffing industry since the 1970s and have the leading brand name based on revenue. Our Cross Country TravCorps brand is well recognized among leading healthcare providers and professionals. We believe that through our relationships with existing travel nurse staffing clients, we are positioned to effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training to our existing client base.

- STRONG AND DIVERSE CLIENT RELATIONSHIPS. We provide staffing solutions to an active client base of over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. We do not rely on any geographic region or client for a significant portion of our revenue. No single client accounted for more than 3% of our revenue in 2000. In 2000, we worked with over 75% of the nation's top hospitals, as identified by U.S. NEWS AND WORLD REPORT. We provide temporary staffing to our clients through assignments that typically have terms of 13 weeks or longer. Our fees are paid directly by our clients rather than by government or other third-party payors.

- LEADER IN RECRUITING AND EMPLOYEE RETENTION. We are a leader in the recruitment and the retention of highly qualified healthcare professionals. We recruit healthcare professionals from all 50 states and

Canada. In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. Employee referrals generate a majority of our new candidates. We believe we offer appealing assignments, competitive compensation packages, attractive housing options and other valuable benefits. Historically, approximately 70% of our nurses accepted new assignments with us within 35 days of completion of previous assignments. In 1996, we established Cross Country University, the first educational program in the travel nurse industry to be accredited by the American Nurse Credentialing Center. In 2000, we were recognized by WORKING MOTHER MAGAZINE as a top 100 national employer of working mothers.

- SCALABLE AND EFFICIENT OPERATING STRUCTURE. We have an efficient centralized operating structure that includes a database of more than 146,000 nurses and other healthcare professionals who have completed job applications with us. Our size and centralized structure provide us with operating efficiencies in key areas such as recruiting, advertising, marketing, training, housing and insurance benefits. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. This system is designed to accommodate significant future growth of our business.

- STRONG MANAGEMENT TEAM WITH EXTENSIVE HEALTHCARE STAFFING AND ACQUISITION EXPERIENCE. Our management team has played a key role in the development of the travel nurse staffing industry. Our management team, which averages 15 years of experience in the healthcare industry, has consistently demonstrated the ability to successfully identify and integrate strategic acquisitions.

OUR BUSINESS

HEALTHCARE STAFFING SERVICES

TRAVEL STAFFING

OVERVIEW

We are a leading provider of travel nurse staffing services, in terms of revenue generated. Under the Cross Country TravCorps brand, we provide nurses on a fixed-term contract basis throughout the U.S. We fill the majority of our assignments in acute care hospitals, including teaching institutions, trauma centers and community hospitals. We also fill assignments in non-acute care settings, including nursing homes, skilled nursing facilities and sports medicine clinics, and, to a lesser degree, in non-clinical settings, such as schools. We staff both public and private, for-profit and not-for-profit facilities. In addition to our core nurse staffing business, we provide operating room technicians, therapists and other allied health and advanced practice professionals, such as radiology technicians, rehabilitation therapists and respiratory therapists, in a wide range of specialties.

We recruit credentialed nurses and other healthcare professionals and place them on assignments away from their homes. We believe that these professionals are attracted to us because we offer them high levels of customer service, as well as a wide range of diverse assignments throughout the United States, Canada, Bermuda and the United States Virgin Islands.

CONTRACTS WITH FIELD EMPLOYEES AND CLIENTS

Each of our field employees works for us under a contract. These contracts typically last 13 weeks. Payroll contract employees are hourly employees whose contract specifies the hourly rate they will be paid, including applicable overtime, and any other benefits they are entitled to receive during the contract period. For payroll contract employees, we bill clients at an hourly rate and assume all employee costs, including payroll, withholding taxes, benefits and professional liability insurance and

OSHA requirements, as well as any travel and housing arrangements. Mobile contract employees are hourly employees of the hospital client and receive an agreement that specifies the hourly rates they will be paid by the hospital employer, as well as any benefits they are entitled to receive from us. For mobile contract employees, we provide recruitment, housing in apartments leased by the Company and travel services. The Company's contract with the healthcare professional obligates it to provide these services to the healthcare professional. The Company is compensated for the services it provides at a predetermined rate negotiated between the Company and its hospital client, without regard to the Company's cost of providing these services. Currently more than 95% of our employees work for us under payroll contracts. Our fees are paid directly by our clients rather than by government or other third-party payors. In 2000, we completed approximately 11,000 individual assignments, typically lasting 13 weeks.

RECRUITING AND RETENTION

In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. More than half of our field employees have been referred

by current or former employees, with the remainder attracted by advertisements in trade publications and our internet website. Our internet site allows potential applicants to review our business profile, apply on-line, view our company-provided housing and participate in on-line forums. We offer appealing assignments, attractive compensation packages, housing and other benefits, as well as substantial training opportunities through Cross Country University.

Our recruiters are responsible for recruiting applicants, handling placements, maintaining a regular dialogue with nurses on assignment, making themselves available to address nurses' concerns regarding current assignments and future opportunities, and other significant job support and guidance. Recognizing that a nurse's relationship with the recruiter is the key to retaining qualified applicants, our recruiters establish lasting partnerships with the nurses. As part of the screening process, we conduct in-depth telephone interviews with our applicants and verify references to determine qualifications. Along with our hospital clients, we typically review our travel nurses' performance after each assignment and use this information to maintain the high quality of our staffing.

Our recruiters utilize our sophisticated database of positions, which is kept up-to-date by our account managers, to match assignment opportunities with the experience, skills and geographic preferences of their candidates. Once an assignment is selected, the account manager reviews the candidate's resume package before submitting it to the client for review.

Our educational and training services give us a competitive advantage by enhancing both the quality of our nurses and the effectiveness of our recruitment efforts. We typically monitor the quality of our workforce in the field through performance reviews after each assignment and further develop the capabilities of our recruits through Cross Country University and our Cross Country Seminars brand. These services offer substantial benefits, such as:

- improving the quality of our nurses by offering them substantial training opportunities;

- enabling our nurses to easily complete state licensing requirements;

- providing professional development opportunities to our nurses; and

- enhancing our image within the industry.

We recently initiated Assignment America, a recruitment program for foreign-trained nurses. Assignment America is designed to address the current shortage of nurses in the United States. Through Assignment America, we plan to recruit registered nurses from foreign English-speaking countries, assist them in obtaining U.S. nursing licenses, sponsor them for U.S. permanent residency

visas and then place them in domestic acute care hospitals. We believe Assignment America will help us meet a greater portion of the demand for our services. Because the recruitment process for foreign nurses is more onerous than for domestic nurses, Assignment America nurses commit to long-term contracts which typically range from 18 to 24 months. We plan to initially recruit nurses from the United Kingdom, South Africa, New Zealand and Australia.

OPERATIONS

We service all of the assignment needs of our field employees and client facilities through two operations centers located in Boca Raton, FL and Malden, MA. These centers perform key support activities such as coordinating assignment accommodations, payroll processing, benefits administration, billing and collections, contract processing, client care, and risk management.

Hours worked by field employees are recorded by our operations system which then transmits the data directly to Automated Data Processing for payroll processing. As a result, client billings can be generated automatically once the payroll information is complete, enabling real time management reporting capabilities as to hours worked, billings and payroll costs. Our payroll department also provides customer support services for field employees who have questions.

We have approximately 2,900 apartments on lease throughout the U.S. Our client accommodations department secures leases, and arranges for furniture rental and utilities for field employees at their assignment locations. Typically, we provide for shared accommodations with lease terms which correspond to the length of the assignment. We believe that our economies of scale help us secure preferred pricing and favorable lease terms.

We have also developed expertise in insurance, benefits administration and risk management. For workers compensation coverage, we provide an attractive program that is partially self-insured. For medical coverage, we use a partially self-insured preferred provider organization plan.

SALES AND MARKETING

Our sales and marketing activities are comprised of the following:

NEW ACCOUNT DEVELOPMENT. Our new account development efforts are driven principally through inbound telemarketing activities managed by a two-person team of new business executives. In addition to negotiating new contracts with prospective clients, these account executives also actively seek out specific job opportunities for candidates who are not able to match our existing database of opportunities. These activities generate approximately 350 new clients each year.

MANAGEMENT OF EXISTING ACCOUNTS. We have a sales force composed of account executives and managers of business development assigned to geographic markets who manage approximately 75 to 90 client accounts each. This sales force determines the appropriate billing rate and nurse pay rate for a given facility utilizing a proprietary pricing model.

Day-to-day management of client accounts is handled by a team of approximately 20 professionals. The account managers, who often have a nursing background, are responsible for contacting active client facilities to obtain open orders for staff. Once a candidate is submitted to the account manager for submission to the facility, the account manager reviews the candidate's credentials and confirms the appropriateness of the match. The account manager then electronically submits appropriate materials to the facility.

BRAND MARKETING. Our brand marketing initiatives help develop Cross Country's image in the markets we serve. Our brand is reinforced by our professionally designed website, brochures and pamphlets, direct mail and advertising materials. We believe that our branding initiatives coupled with

our high-quality client service differentiate us from our competitors and establish us as a leader, in terms of brand recognition, in temporary nurse staffing.

TRADE AND ASSOCIATION RELATIONSHIP MANAGEMENT. We actively manage trade and association relationships through attendance at numerous national, regional and local conferences and meetings, including National Association of Health Care Recruiters, Association of Critical Care Nurses, American Organization of Nurse Executives, American Society for Healthcare Human Resource Administration, American College of Healthcare Executives and Medical Group Management Association.

CLINICAL RESEARCH AND TRIALS STAFFING

Through our ClinForce brand, we provide clinical research professionals for both contract assignments and permanent placement to many of the world's leading companies in the pharmaceutical, biotechnology, medical device and related industries. We provide an array of professionals in such areas as clinical research and clinical data sciences, medical review and writing, and pharmaeconomics and regulatory affairs. Our understanding of the clinical research process enables us to provide responsive service to our clients and to offer greater opportunities to our research professionals.

PER DIEM STAFFING

We provide per diem nurse staffing services to healthcare facilities in Atlanta, Georgia, Las Vegas, Nevada, Phoenix, Arizona, and Seattle, Washington. Per diem staffing typically involves the placement of local nurses to fill the immediate needs of healthcare facilities on a shift-by-shift or short-term basis. While per diem services accounted for less than 1% of our revenue in 2000, we believe this market presents a significant growth opportunity.

OTHER HUMAN CAPITAL MANAGEMENT SERVICES

We provide an array of healthcare-oriented human capital management services, which complement our core travel nurse staffing business. These services include:

- SEARCH AND RECRUITMENT. We provide both retained and contingency search and recruitment services to healthcare organizations throughout the United States, including hospitals, pharmaceutical companies, insurance companies and physician groups. Our search services include the placement of physicians, healthcare executives and nurses.

- HEALTHCARE CONSULTING SERVICES. We provide healthcare-oriented consulting services, including consulting related to physician compensation, strategy, operations, facilities planning, workforce management and merger integration.

- EDUCATION AND TRAINING SERVICES. Cross Country University is a national leader in providing continuing education programs to the healthcare industry. Cross Country University holds national conferences, as well as one-day seminars, on topics relevant to nurses and healthcare professionals and provides conference management services. To enhance Cross Country University, in December 2000 we acquired Heritage, which produced over 2,600 seminars and conferences that were attended by over 65,000 registrants in more than 200 cities across the U.S. in 2000. In addition, we extend these educational services to our field employees on favorable terms as a recruitment and retention tool.

- RESOURCE MANAGEMENT SERVICES. We provide software tools and services designed to enhance clients' capabilities to manage their nursing staff and their relationships with external staffing vendors. Our E-Staff tool is a subscription-based, online communication, scheduling and training service for the nursing industry.

SYSTEMS

Our placement and support operations are supported by sophisticated information systems that facilitate smooth interaction between our recruitment and support functions. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. The system is designed to accommodate significant future growth of our business. In addition, its parallel process design allows for the addition of further capacity to its existing hardware platform. We have proprietary software that handles most facets of our business, including contract pricing and profitability, contract processing, job posting, housing management, billing/payroll and insurance. Our systems provide reliable support to our facility clients and field employees and enable us to efficiently fulfill and renew job assignments. Our systems also provide detailed information on the status and skill set of each registered field employee.

Our financial and management reporting is managed on the PeopleSoft Financial Suite. PeopleSoft is an industry leading enterprise resource planning software suite that provides modules used to manage our accounts receivable, accounts payable, general ledger and billing. This system is designed to accommodate significant future growth of our business.

GROWTH STRATEGY

We intend to continue to grow our businesses by:

- ENHANCING OUR ABILITY TO FILL UNMET DEMAND FOR OUR TRAVEL STAFFING SERVICES. There is substantial unmet demand for our travel staffing services. We are striving to meet a greater portion of this demand by recruiting additional healthcare personnel. Our recruitment strategy for nurses and other healthcare professionals is focused on:

  - increasing referrals from existing field employees by providing them with superior service;

  - expanding our advertising presence to reach more nursing professionals;

  - using the internet to accelerate the recruitment-to-placement cycle;

  - increasing the number of staff dedicated to the recruitment of new nurses; and

  - developing Assignment America, our recruitment program for foreign-trained acute care nurses residing abroad.

- INCREASING OUR MARKET PRESENCE IN THE PER DIEM STAFFING MARKET. We intend to use our existing brand recognition, client relationships and database of nurses who have expressed an interest in temporary assignments to expand our per diem services to the acute care hospital market. While we have not historically had a significant presence in per diem staffing services, we believe that this market presents a substantial growth opportunity.

- EXPANDING THE RANGE OF SERVICES WE OFFER OUR CLIENTS. We plan to utilize our relationships with existing travel staffing clients to more effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training.

- ACQUIRING COMPLEMENTARY BUSINESSES. We intend to continue to evaluate opportunities to acquire complementary businesses to strengthen and broaden our market presence.

- INCREASING OPERATING EFFICIENCIES. We seek to increase our operating margins by increasing the productivity of our administrative personnel, using our purchasing power to achieve greater savings in key areas such as housing and benefits and continuing to invest in our information systems.

COMPETITIVE ENVIRONMENT

The travel nurse staffing industry is highly competitive, with limited barriers to entry. Our principal competitor in the travel nurse staffing industry is AMN Healthcare Services Inc. We also compete with a number of nationally and regionally focused temporary nurse staffing companies that have the capabilities to relocate nurses geographically and, to a lesser extent, with local temporary nurse agencies.

In addition, the markets for our clinical staffing, allied staffing and per diem nurse staffing and for our healthcare-oriented human capital management services are highly competitive and highly fragmented, with limited barriers to entry.

The principal competitive factors in attracting qualified candidates for temporary employment are salaries and benefits, quality of accommodations, quality and breadth of assignments, speed of placements, quality of recruitment teams and reputation. We believe that persons seeking temporary employment through us are also pursuing employment through other means, including other temporary staffing firms, and that multiple staffing companies have the opportunity to place employees with many of our clients. Therefore, the ability to respond to candidate inquiries and submit candidates to clients more quickly than our competitors is an important factor in our ability to fill assignments. In addition, because of the large overlap of assignments, we focus on retaining field employees by providing long-term benefits such as 401(k) plans and cash bonuses. Although we believe that the relative size of our database and economies of scale derived from the size of our operations make us an attractive employer for nurses seeking travel opportunities, we expect competition for candidates to continue to increase.

The principal competitive factors in attracting and retaining temporary healthcare staffing clients include the ability to fill client needs, size of available pool of qualified candidates, quality assurance and screening capabilities, compliance with regulatory requirements, an understanding of the client's work environment, risk management policies and coverages, general industry reputation, and, to a lesser extent, price.

FACILITIES

We do not own any real property. Our principal leases are listed below.

LOCATION	FUNCTION	SQUARE FEET	LEASE EXPIRATION
Boca Raton, Florida	Headquarters	43,000	April 30, 2008
Malden, Massachusetts	Staffing administration, general office use and storage space	27,812	June 30, 2005
Clayton, Missouri	Search and recruitment headquarters	26,411	November 30, 2003
Durham, North Carolina	Clinical research and trials staffing headquarters	12,744	December 31, 2004

REGULATORY ISSUES

In order to service our client facilities and to comply with OSHA and Joint Commission or Accreditation of Healthcare Organizations standards, we have developed a risk management program. The program is designed to protect against the risk of negligent hiring by requiring a detailed skills assessment from each healthcare professional. We conduct extensive reference checks and credential verifications for each of the nurses and other healthcare professionals that we might staff. In addition, we have a claims-based professional liability insurance policy with a limit of $1.0 million per claim and

an aggregate limit of $3.0 million. We also have a fully insured umbrella liability insurance policy with a limit of $10.0 million.

PROFESSIONAL LICENSURE AND CORPORATE PRACTICE. Nurses and other healthcare professionals employed by us are required to be individually licensed or certified under applicable state law. In addition, the healthcare professionals that we staff frequently are required to have been certified to provide certain

medical care, such as CPR and anesthesiology, depending on the positions in which they are placed. Our comprehensive compliance program is designed to ensure that our employees possess all necessary licenses and certifications, and we believe that our employees, including nurses and therapists, comply with all applicable state laws.

BUSINESS LICENSES. A number of states require state licensure for businesses that, for a fee, employ and assign personnel, including healthcare personnel, to provide services on-site at hospitals and other healthcare facilities to support or supplement the hospitals' or healthcare facilities' work force. A number of states also require state licensure for businesses that operate placement services for individuals attempting to secure employment. Failure to obtain the necessary licenses can result in injunctions against operating, cease and desist orders, and/or fines. We endeavor to maintain in effect all required state licenses.

REGULATIONS AFFECTING OUR CLIENTS. Many of our clients are reimbursed under the federal Medicare program and state Medicaid programs for the services they provide. In recent years, federal and state governments have made significant changes in these programs that have reduced reimbursement rates. In addition, insurance companies and managed care organizations seek to control costs by requiring that healthcare providers, such as hospitals, discount their services in exchange for exclusive or preferred participation in their benefit plans. Future federal and state legislation or evolving commercial reimbursement trends may further reduce, or change conditions for, our clients' reimbursement. Such limitations on reimbursement could reduce our clients' cash flows, hampering their ability to pay us.

EMPLOYEES

As of June 30, 2001, we had approximately 675 corporate employees and approximately 5,000 field employees, 98% of whom were working for us on a full time basis. None of our employees are subject to a collective bargaining agreement. We consider our relationship with our employees to be good.

LEGAL PROCEEDINGS

We are not presently a party to any material legal proceedings.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The table below provides information regarding our directors and executive officers. In connection with our application to list our common stock on the Nasdaq National Market, we intend to appoint three additional directors prior to the offering who will not be our employees or affiliated with management.

NAME	AGE	POSITION
Joseph A. Boshart	45	President and Chief Executive Officer and Director
Emil Hensel	51	Chief Financial Officer and Director
Vickie Anenberg	37	President, Travel Staffing Division
Kevin Conlin	43	President, Consulting Division
Dr. Franklin A. Shaffer, RN	58	President, Education and Training Division
Tony Sims	41	President, Clinical Trials Staffing Division
Carol D. Westfall	51	President, Search and Recruitment Division
Karen H. Bechtel	52	Director
Bruce A. Cerullo	42	Director
Thomas C. Dircks	43	Director
A. Lawrence Fagan	71	Director
M. Fazle Husain	37	Director

JOSEPH A. BOSHART has served as President and Chief Executive Officer since

July 1999, and formerly served in such capacity at our predecessor since 1993. He has served as a director since July 1999. Mr. Boshart holds a B.S. degree in economics from the University of Michigan.

EMIL HENSEL has served as Chief Financial Officer since July 1999 and formerly served in such capacity at our predecessor since 1991. He has served as a director since July 1999. Mr. Hensel holds a B.S. degree in electrical engineering from Columbia University and a Masters degree in Business Administration from New York University.

VICKIE ANENBERG has served as President of the Travel Staffing Division since February 2000, and formerly served as Vice President of the Nursing Division for our predecessor, since 1995. Prior to joining Cross Country Staffing in 1990, she worked for Proctor & Gamble since 1986.

KEVIN CONLIN has served as President of the Consulting Division since April 2001. Before joining Cross Country, he served from 1996 to March 2001 as the President and Chief Executive Officer of Partners First, a consulting firm focused on physician-hospital partnering and managed care. He also served as a senior executive at Ascension Health, one of the largest not-for-profit hospital systems in the U.S. He holds a B.A. in Biological Sciences from Rutgers University and a Masters of Health Administration from Duke University.

DR. FRANKLIN A. SHAFFER, RN has served as President, Education and Training Division since March 2001. He also served as Vice President in our Education Division since February 1996. Dr. Shaffer has also served as adjunct faculty in graduate nursing programs at Teachers College, Columbia University, Adelphi University and Hunter College. Dr. Shaffer holds a Doctorate of Education in Nursing Administration and a Masters of Education and a Masters of Arts from Teachers College, Columbia University.

TONY SIMS has served as President, Clinical Trials Staffing Division since January 2001, as Executive Vice President of Operations for ClinForce from March 1998 to December 2000 and as Managing Director of ClinForce from August 1997 to March 1998. Before joining ClinForce, Mr. Sims served in various roles, including National Account Executive and Business Development Manager, with the

healthcare staffing and support groups at Kelly Scientific Resources from August 1996 to August 1997. Mr. Sims holds a B.S. in Chemistry from Piedmont College.

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

KAREN H. BECHTEL has been a director since December 1999. Ms. Bechtel has been a Managing Director of Morgan Stanley Private Equity since 1998 and of Morgan Stanley & Co. Incorporated since 1986. She received a B.A. in mathematics from the University of Texas and an M.B.A. from the Harvard Graduate School of Business Administration. She is also a director of several privately held companies.

BRUCE A. CERULLO has been a director since December 1999 and served as Chairman of the Board from December 1999 until December 2000. Mr. Cerullo served as President of TravCorps from 1994 to December 1999 and Chief Executive Officer of TravCorps from 1995 to December 1999. Mr. Cerullo holds a B.S. degree from the University of New Hampshire and a master's degree from Pennsylvania State University.

THOMAS C. DIRCKS has been a director since December 1999, and has been President of Charterhouse Group International, a private equity firm, since June 2001. Mr. Dircks served as Executive Vice President of Charterhouse from July 2000 until June 2001 and has been employed as an executive officer of Charterhouse since 1983. He was previously employed as a Certified Public Accountant at a predecessor of PricewaterhouseCoopers, LLP. He holds a B.S. in Accounting and an M.B.A. from Fordham University. Mr. Dircks also is a director of Interliant, Inc., an application service provider, and a number of privately held companies.

A. LAWRENCE FAGAN has been a director since December 1999. Mr. Fagan has been Vice Chairman of Charterhouse since June 2001 and served as President and Chief Operating Officer of Charterhouse from December 1996 until June 2001 and formerly served as Executive Vice President of Charterhouse since 1984. Mr. Fagan received a B.A. from Yale University and an M.B.A. from Columbia University. He also is a director of Top Image Systems, Ltd. and a number of privately held companies.

M. FAZLE HUSAIN has been a director since December 1999. He has been an Executive Director of Morgan Stanley Private Equity and Morgan Stanley & Co. Incorporated since February 1997. Mr. Husain has been at Morgan Stanley Private Equity since 1987, and since 1991 has focused on investing in medical technology and enterprise software industries. Mr. Husain received a B.S. in Chemical Engineering from Brown University and an M.B.A. from the Harvard Graduate School

of Business Administration. He also is a director of Allscripts Healthcare Solutions, Inc., The Medicines Company, Healthstream Inc., Cardiac Pathways Corporation and several privately held companies.

THE BOARD OF DIRECTORS

Currently, we have seven members on our board of directors. We intend to add three independent directors before the date of the offering. Each of our directors was elected by Charterhouse and investment funds managed by Morgan Stanley Private Equity, who together own a majority of our common shares, our majority stockholder. Each of our directors holds office until his or her successor is duly elected and qualified or until his or her resignation or removal, if earlier, as provided in our by-laws. No family relationship exists among any of the directors or executive officers.

COMMITTEES OF THE BOARD OF DIRECTORS

We have established an audit committee and a compensation committee. The audit committee reviews our internal accounting procedures and considers and reports to the board of directors with respect to other auditing and accounting matters, including the selection of our independent auditors, the scope of annual audits, fees to be paid to our independent auditors and the performance of our independent auditors. Our audit committee currently consists of Thomas Dircks and Fazle Husain. In connection with our application to list our common stock on the Nasdaq National Market, we intend to change the membership of our audit committee to consist of three directors who are not our employees or otherwise affiliated with us. The compensation committee reviews and recommends to the board of directors the salaries, benefits and stock option grants for all employees, consultants, directors and other individuals compensated by us. The compensation committee also administers our stock option and other employee benefit plans. The compensation committee consists of Thomas Dircks and Karen Bechtel.

EXECUTIVE COMPENSATION

The following table sets forth certain summary information with respect to compensation we paid in 2000 to our Chief Executive Officer and our four other most highly compensated executive officers as of December 31, 2000 whose salary and bonus earned in 2000 exceeded $100,000.

ALL OTHER SALARY ($)	BONUS ($)	COMPENSATION ($)(A)	NAME AND POSITION
			Joseph A. Boshart
263,465	193,883	5,250	President and Chief Executive Officer
			Emil Hensel
218,976	159,794	5,250	Chief Financial Officer
			Vickie Anenberg
112,769	70,318	3,938	President, Travel Staffing Division
			Dr. Franklin A. Shaffer, RN
114,000	12,000	3,201	President, Education and Training Division
			Carol D. Westfall
140,000	280,740	8,603	President, Search and Recruitment Division

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(a) Amounts consist of employer matching contributions to our 401(k) plan, except that Ms. Westfall's amount also includes a $3,503 matching contribution to a non-qualified savings program.

AGGREGATED OPTION VALUES AS OF DECEMBER 31, 2000

The executive officers named in the summary compensation table did not exercise any stock options during the year ended December 31, 2000. The following table sets forth information concerning the year-end number and value of unexercised options with respect to our named executive officers. There was no public trading market for our common stock as of December 31, 2000. Accordingly, the values set forth below have been calculated on the basis of the assumed initial public offering price of $16.00 per share, less the applicable exercise price per share, multiplied by the number of shares underlying the options.

NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END ($)	
EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
			Joseph A.

Boshart.....
128,175 358,519 $399,914 $1,199,743 Emil
Hensel.....
102,539 307,617 $319,932 $ 959,796 Vickie
Anenberg.....
51,272 153,805 $159,966 $ 479,898 Dr.
Franklin A. Shaffer,
RN..... 14,434 43,290 $
45,025 $ 135,076 Carol D.
Westfall.....
8,412 25,236 $ 44,846 $ 134,539

OPTION GRANTS

No stock options were granted for the year ended 2000 to any of Mr. Boshart, Mr. Hensel, Ms. Anenberg, Dr. Shaffer or Ms. Westfall.

EMPLOYMENT AGREEMENTS

We are party to employment agreements with each of Joseph Boshart and Emil Hensel, pursuant to which Mr. Boshart serves as our president and chief executive officer and Mr. Hensel serves as our chief operating officer and chief financial officer. The initial term of each agreement expires on July 29, 2002. Upon expiration of such initial term, each agreement will be automatically renewed for successive one-year terms unless prior to the end of such renewal term either party has given at least 90 days' prior written notice of its intention not to renew the agreement. Messrs. Boshart and Hensel currently receive annual base salaries of $273,000 and $225,000, respectively. These salaries are subject to increase upon annual review by the board of directors, and each of Messrs. Boshart and Hensel is eligible to receive an annual bonus under our bonus plan. Under our bonus plan, 70% of the bonus is tied to the achievement of annual operating profit targets, and the remaining 30% is tied to the achievement of strategic and operating objectives established annually by our Board of Directors. Messrs. Boshart and Hensel are eligible to participate in all benefit plans and fringe benefit arrangements available to our senior executives. If either executive's employment is terminated without cause, the executive will be entitled to the greater of (x) base salary, for the balance of the initial or renewal term, certain other benefits provided in the agreement and bonus for the fiscal year in which termination occurs and (y) one year's worth of his base salary in effect as of the date of termination. Each of Messrs. Boshart and Hensel is subject to a two-year post-termination noncompetition covenant. However, if either executive's employment is terminated without cause, then the non-competition agreement will be effective only if we continue to pay the executive's base salary, bonus and other benefits provided in the agreement for the term of the noncompetition covenant. We are permitted to terminate the noncompetition covenant, and related payments, upon 30 days' prior written notice.

OUR STOCK PLANS

AMENDED AND RESTATED 1999 STOCK OPTION PLAN. We have reserved for issuance 2,145,515 shares of common stock under our Amended and Restated 1999 Stock Option Plan, subject to adjustment for

stock splits or similar corporate events. Our Amended and Restated 1999 Stock Option Plan provides for the granting of options to purchase shares of our common stock to any of our employees or consultants. Each stock option granted under our Amended and Restated 1999 Stock Option Plan is either intended to qualify as an incentive stock option or is a non-qualified stock option. The plan is currently administered by the compensation committee of our board of directors. The exercise price of options granted under our Amended and Restated 1999 Stock Option Plan is determined by the committee, except that in the case of substitute options, the exercise price cannot be less than 100% of the fair market value of the common stock on the date of the grant. In the case of incentive stock options granted to ten percent stockholders, the exercise price cannot be less than 110% of the fair market value of the common stock. In the event of a change of control of our company, stock options granted and not previously exercisable, will become exercisable unless the committee determines in good faith that an alternative option will be substituted. As of June 30, 2001, under our Amended and Restated 1999 Stock Option Plan, options to purchase 1,016,037 shares of common stock were outstanding.

AMENDED AND RESTATED EQUITY PARTICIPATION PLAN. We have reserved for issuance 2,252,484 shares of common stock under our Amended and Restated Equity Participation Plan, subject to adjustment for stock splits or similar corporate events. Our Amended and Restated Equity Participation Plan provides for the granting of options to purchase shares of our common stock to key management employees of our company and our affiliates. Each stock option granted under our Amended and Restated Equity Participation Plan is either intended to qualify as an incentive stock option or is a non-qualified stock option. The exercise price of options granted under our Amended and Restated Equity Participation Plan is divided into five tranches ranging from 100 percent to 300 percent of the fair market value of the common stock on the date of grant. However, for incentive stock options granted to ten percent stockholders, the exercise price in the first tranche cannot be less than 110 percent of the fair market value of the

common stock on the date of grant. The plan is currently administered by the compensation committee of our board of directors. In the event of a change in control of our company, stock options granted and not previously exercisable, will become exercisable unless the committee determines in good faith that an alternative option will be substituted. As of June 30, 2001, under our Amended and Restated Equity Participation Plan, options to purchase 2,252,484 shares of common stock were outstanding.

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

RELATED PARTY TRANSACTIONS

In connection with our acquisition of the assets of Cross Country Staffing in July 1999 from W. R. Grace, CEP III purchased 11,830,275 shares of our common stock for an aggregate of $71.8 million, and we paid a transaction fee to Charterhouse in the amount of $2.8 million. In addition, in July 1999, in connection with the acquisition, Messrs. Boshart and Hensel and Ms. Anenberg purchased 173,048, 82,402 and 16,487 shares of our common stock for an aggregate of $1.7 million.

In December 1999, Messrs. Boshart, Hensel and Shaffer and Ms. Anenberg received stock bonuses of 8,847, 8,702, 2,176 and 4,206 shares of our common stock for a purchase price of $.001 per share.

In connection with our acquisition of TravCorps in December 1999, investment funds managed by Morgan Stanley Private Equity acquired 7,155,066 shares of our common stock then valued in the aggregate of $26.0 million in exchange for their shares of TravCorps common stock valued at $26.0 million. In addition, in connection with our acquisition of TravCorps, we paid a transaction fee to Charterhouse in the amount of $0.3 million.

We are party to an agreement with Bruce Cerullo, pursuant to which Mr. Cerullo has agreed to continue as a Director and provide certain consulting services to us at such times as we may request and that are reasonably convenient to Mr. Cerullo. He is subject to a four-year noncompetition covenant which expires four years from the date he ceases to serve as a director. Under the agreement, we will pay him $250 per hour for such consulting services. Additionally, he retained all options that were vested and exercisable as of December 31, 2000 in consideration of his continued service as a director.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of July 1, 2001 and as adjusted to reflect the sale of the shares of common stock pursuant to this offering for:

- each person who is known by us to be the beneficial owner of more than 5% of our common stock;
- each executive officer named in the summary compensation table;
- each of our directors; and
- all directors and executive officers as a group.

In connection with our application to list our common stock on the Nasdaq National Market, we intend to appoint three additional directors prior to this offering who will not be our employees or affiliated with management.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the securities. Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, except to the extent such power may be shared with a spouse.

PERCENT BENEFICIALLY OWNED(A)		SHARES BENEFICIALLY	
OWNED PRIOR TO OFFERING	BEFORE OFFERING	AFTER OFFERING	NAME AND ADDRESS
5% STOCKHOLDERS:			
Charterhouse Equity Partners III, L.P. (b)	12,575,475	54.2%	40.5% c/o

Charterhouse Group International, Inc. 535 Madison Avenue New York, NY 10022 Morgan Stanley Private Equity and related entities(c)..... 7,877,802 33.9 25.4 1221 Avenue of the Americas, 33rd Floor New York, NY 10020 DIRECTORS: Karen H. Bechtel(d)..... -- -- -- Joseph A. Boshart(e)..... 397,972 1.7 1.3 Bruce A. Cerullo(f)..... 358,574 1.5 1.2 Thomas C. Dircks(g)..... -- -- -- A. Lawrence Fagan(g)..... -- -- -- Emil Hensel(h)..... 262,573 1.1 * M. Fazle Husain(d)..... -- -- -- OTHER NAMED EXECUTIVE OFFICERS: Vickie Anenberg(i)..... 102,897 * * Dr. Franklin A. Shaffer, RN(j)..... 34,813 * * Carol D. Westfall(k)..... 28,667 * * All directors and executive officers as a group (7 1,185,496 5.1% 3.8% persons) (l).....

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* Less than 1%.

(a) For purposes of this table, information as to the shares of common stock assumes, in the case of the column "After Offering," that the underwriters' over-allotment option is not exercised. In addition, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock when such person or persons has the right to acquire them within 60 days after the date of this prospectus. For purposes of computing the percentage of outstanding shares of common stock held by each person or group of persons named above, any shares which such person or persons have the right to acquire within 60 days after the date of this prospectus is

deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(b) The general partner of CEP III is CHUSA Equity Investors III, L.P., whose general partner is CEP III, Inc., a wholly owned subsidiary of Charterhouse. As a result of the foregoing, all of the shares held by CEP III would, for purposes of the Securities Exchange Act of 1934, be considered to be beneficially owned by Charterhouse.

(c) Consists of 1,223,321 shares owned by Morgan Stanley Dean Witter Capital Partners IV, L.P. and its related investment funds (collectively, "MSDWCP") and 134,606 shares owned by Morgan Stanley Venture Partners III, L.P. and its related investment funds (collectively, "MSVP"). The general partner of MSDWCP is MSDW Capital Partners IV, LLC, the institutional managing member of which is MSDW Capital Partners IV, Inc. ("MSDWCP Inc."), a wholly owned subsidiary of Morgan Stanley Dean Witter & Co. ("MSDW"). The general partner of MSVP is Morgan Stanley Venture Partners III, L.L.C. ("MSVP L.L.C."), the institutional managing member of which is Morgan Stanley Venture Capital III, Inc. ("MSVC Inc."), a wholly owned subsidiary of MSDW.

(d) Karen H. Bechtel is a Managing Director of MSDWCP Inc. and Morgan Stanley & Co. Incorporated, ("MS & Co."), a wholly owned subsidiary of MSDW. M. Fazle Husain is an Executive Director of MSVC Inc. and MS & Co., and a managing member of MSVP L.L.C. Ms. Bechtel and Mr. Husain each disclaim beneficial ownership of the shares of common stock beneficially owned by the investment funds managed by Morgan Stanley Private Equity and its affiliates, except to the extent of any direct pecuniary interest therein.

(e) Includes 33,141 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(f) Includes 22,094 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(g) Thomas C. Dircks and A. Lawrence Fagan are executive officers of Charterhouse. Mr. Fagan is also a director and stockholder of Charterhouse. Messrs. Dircks and Fagan each disclaim beneficial ownership of the shares of common stock beneficially owned by Charterhouse.

(h) Includes 26,513 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(i) Includes 13,256 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(j) Includes 3,731 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(k) Includes 1,863 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(l) Includes an aggregate of 100,598 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

DESCRIPTION OF CAPITAL STOCK

Our amended and restated certificate of incorporation, which will become effective prior to the consummation of the offering, authorizes the issuance of up to 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, the rights and preferences of which may be established from time to time by our board of directors. As of August 23, 2001, we had 23,206,559 shares of common stock outstanding and no shares of preferred stock outstanding.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated by-laws are summaries and are qualified by reference to the certificate of incorporation and the by-laws that will become effective prior to the effective date of the registration statement registering shares included in this offering. Copies of these documents have been filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part.

COMMON STOCK

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, a plurality of the votes cast in any election of directors may elect all of the directors standing for election. Pursuant to a stockholders agreement, investment funds managed by Morgan Stanley Private Equity and Charterhouse have certain rights with respect to the board of directors and other related matters. Specifically, this stockholders agreement provides that we shall nominate for election to the board of directors, and recommend that the stockholders elect to the board of directors, two designees of each of CEP III and investment funds managed by Morgan Stanley Private Equity. A 50% reduction in the number of shares of common stock owned by either CEP III or investment funds managed by Morgan Stanley Private Equity reduces the number of designees we are required to nominate, on behalf of such stockholder, to one and a 90% reduction results in the elimination of the right to have us nominate a designee, on behalf of such stockholder. Under our stockholders agreement, in the event that either CEP III or investment funds managed by Morgan Stanley Private Equity propose to sell more than ten percent of the total number of shares of common stock owned by them, the other party is entitled to include in such sale a pro rata portion of its common stock, on the same terms and for the same consideration. Our stockholders agreement also provides that if both Charterhouse and Morgan Stanley desire to sell shares into the public market, they shall endeavor, subject to applicable securities laws, to effect such sales in a manner that will not adversely disrupt the market for our common stock. In addition, Charterhouse and Morgan Stanley have agreed, to the extent practicable, to sell their shares of common stock through a single broker, and that all sales will be made proportionally based on the number of shares desired to be sold by such stockholders. Pursuant to an additional shareholders agreement, each of Joseph Boshart, our President and Chief Executive Officer, and Emil Hensel, our Chief Financial Officer (collectively, the "Management Investors"), agree not to transfer, any shares of our common stock, except to certain permitted transferees. The limitation on the ability of Management Investors to transfer common stock terminates on the earliest of (x) the first anniversary of the consummation of this offering and (y) the date of the consummation of our first registered secondary public offering of common stock after this offering. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of legally available funds. Upon our liquidation, dissolution or winding-up, holders of common stock are entitled to receive ratably our net assets available for distribution after the payment of all of our liabilities. The outstanding shares of common stock are, and the shares sold in the offering will be, when issued and paid for, validly issued, fully paid and nonassessable.

PREFERRED STOCK

The board of directors has the authority, without action by the stockholders, to designate and issue preferred stock and to designate the rights, preferences and privileges of each series of preferred stock, which may be greater than the rights attached to the common stock. It will not be possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock. The effects of issuing preferred stock could include one or more of the following:

- restricting dividends on the common stock;

- diluting the voting power of the common stock;

- impairing the liquidation rights of the common stock; or

- delaying or preventing a change of control of our Company.

LIMITATION ON LIABILITY AND INDEMNIFICATION MATTERS

Our amended and restated certificate of incorporation limits the liability of our directors to us and our stockholders to the fullest extent permitted by Delaware law. Specifically, our directors will not be personally liable for money damages for breach of fiduciary duty as a director, except for liability.

- for any breach of the director's duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- under Section 174 of the Delaware General Corporation Law, which concerns unlawful payments of dividends, stock purchases or redemptions; and

- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated by-laws also contain provisions indemnifying our directors and officers to the fullest extent permitted by Delaware law. The indemnification permitted under Delaware law is not exclusive of any other rights to which these persons may be entitled.

In addition, we maintain directors' and officers' liability insurance to provide our directors and officers with insurance coverage for losses arising from claims based on breaches of duty, negligence, errors and other wrongful acts.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF DELAWARE LAW AND OUR CERTIFICATE OF INCORPORATION AND BY-LAWS

A number of provisions under Delaware law and in our amended and restated certificate of incorporation and amended and restated by-laws may make it more difficult to acquire control of us. These provisions could deprive the stockholders of opportunities to realize a premium on the shares of common stock owned by them. In addition, these provisions may adversely affect the prevailing market price of the common stock. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of the board and in the policies formulated by the board;

- discourage certain types of transactions which may involve an actual or threatened change in control of our company;

- discourage certain tactics that may be used in proxy fights; and

- encourage persons seeking to acquire control of our company to consult first with the board of directors to negotiate the terms of any proposed business combination or offer.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW. We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 of Delaware law prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the board of directors or unless the "business combination" is approved in a prescribed manner. A "business combination" is defined as a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to various exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within the past three years did own 15% or more of a corporation's voting stock. This statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

STOCKHOLDER ACTION BY WRITTEN CONSENT. Our amended and restated by-laws provide that stockholders may take action by written consent.

AUTHORIZED BUT UNISSUED SHARES OF COMMON STOCK. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is SunTrust Bank.

LISTING

We expect our common stock to be approved for quotation on the Nasdaq National Market under the symbol CCRN.

SHARES ELIGIBLE FOR FUTURE SALE

RULE 144 SECURITIES

Upon the consummation of this offering, we will have 31,019,059 shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. All of the 7,812,500 shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any of the shares that are acquired by "affiliates" as that term is defined in Rule 144 under the Securities Act. The 23,206,559 shares of common stock held by our affiliates and our directors and executive officers and other existing shareholders after the offering will be "restricted" securities under the meaning of Rule 144 under the Securities Act and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including exemptions pursuant to Rule 144 or Rule 144A under the Securities Act.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of either of the following:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares outstanding immediately after this offering, or
- the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Under Rule 144(k), a person who is not deemed to have been one of our "affiliates" at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell its shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after the offering because a greater supply of shares would be, or would be perceived to be, available for sale in the public market.

We and our executive officers and directors and substantially all existing stockholders have agreed that, without the prior written consent of Merrill Lynch & Co. on behalf of the underwriters, we will not, during the period ended 180 days after the date of this prospectus, sell shares of common stock or take certain related actions, subject to limited exceptions, all as described under "Underwriting."

RULE 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases common stock from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this prospectus is entitled to resell those shares 90 days after the effective date of this prospectus in reliance on Rule 144, without having to comply with certain restrictions (including the holding period) contained in Rule 144.

Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. It permits non-affiliates to sell their Rule 701 shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling those shares.

STOCK OPTIONS

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock issued or reserved for issuance under our various stock option plans. The registration statement will become effective automatically upon filing. As of June 30, 2001, options to purchase 3,268,521 shares of common stock were issued and outstanding, of which 977,005 shares have vested. Accordingly, these shares will, subject to vesting provisions, the provisions of the shareholders agreement with the Management Investors, and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the 180-day lock-up agreements expire.

REGISTRATION RIGHTS

Each of CEP III and investment funds managed by Morgan Stanley Private Equity may require us on up to two occasions to use our best efforts to file registration statements on Form S-1 or Form S-2 covering public sale of shares of common stock held by them. We have the right, under specified circumstances, to delay any registration required by up to 90 days. In addition, the holders are entitled to require us to register their shares on registrations that we initiate and we have granted the holders unlimited demand rights to cause us to file a registration statement on Form S-3.

UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS

The following is a general discussion of the principal United States Federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. As used in this discussion, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. Federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States or of any political subdivision of the United States or a partnership not engaged in trade or business within the United States;
- an estate whose income is includible in gross income for U.S. Federal income tax purposes regardless of its source; or
- a trust, in general, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust.

An individual may be treated as a resident of the United States in any calendar year for U.S. Federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. Federal income purposes as if they were U.S. citizens.

This discussion does not consider:

- U.S. state and local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position, including, if the non-U.S. holder is a partnership that the U.S. tax consequences of holding and disposing of our common stock may be affected by certain determinations made at the partner level;
- the tax consequences for the shareholders, partners or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, broker-dealers, and traders in securities; or
- special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment.

The following discussion is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, applicable U.S. Treasury regulations and administrative and judicial interpretations, all as in effect on the date of this prospectus, and all of which are subject to change, retroactively or prospectively. The following summary assumes that a non-U.S. holder holds our common stock as a capital asset. EACH NON-U.S. HOLDER SHOULD CONSULT A TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF ACQUIRING, HOLDING, AND DISPOSING OF SHARES OF OUR COMMON STOCK.

DIVIDENDS

We do not anticipate paying cash dividends on our common stock in the foreseeable future. See "Dividend Policy." In the event, however, that we pay dividends on our common stock, we will have to withhold a U.S. Federal withholding tax at a rate of 30%, or a lower rate under an applicable income

tax treaty, from the gross amount of the dividends paid to a non-U.S. holder. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

With respect to any such dividends:

- a non-U.S. holder who claims the benefit of an applicable income tax treaty rate generally will be required to satisfy applicable certification and other requirements;

- in the case of common stock held by a foreign partnership, the certification requirement will generally be applied to the partners of the partnership and the partnership will be required to provide certain information, including a U.S. taxpayer identification number; and

- look-through rules will apply for tiered partnerships.

A non-U.S. holder that is eligible for a reduced rate of U.S. Federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the U.S. Internal Revenue Service.

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons. In that case, we will not have to withhold U.S. Federal withholding tax if the non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a "branch profits tax" may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with the conduct of a trade or business in the United States.

GAIN ON DISPOSITION OF COMMON STOCK

A non-U.S. holder generally will not be taxed on gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States; in these cases, the gain will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if the non-U.S. holder is a foreign corporation, the "branch profits tax" described above may also apply;

- the non-U.S. holder is an individual who holds our common stock as a capital asset, is present in the United States for more than 182 days in the taxable year of the disposition and meets other requirements; or

- we are or have been a "U.S. real property holding corporation" for U.S. Federal income tax purposes at any time during the shorter of the five year period ending on the date of disposition or the period that the non-U.S. holder held our common stock.

In general, we will be treated as a "U.S. real property holding corporation" if the fair market value of our "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business. Currently, it is our best estimate that the fair market value of our U.S. real property interests is, and has been for at least the previous five years, less than 50% of the sum of the fair market value of our worldwide real property interests and our other assets, including goodwill, used or held for use in a trade or business. Therefore, we believe that we are not currently a U.S. real property holding corporation. Nor do we anticipate becoming a U.S. real property holding corporation in the future.

However, even if we are or have been a U.S. real property holding corporation, a non-U.S. holder that did not beneficially own, directly or indirectly, more than 5% of the total fair market value of our common stock at any time during the shorter of the five-year period ending on the date of disposition

or the period that our common stock was held by the non-U.S. holder (a "non-5% holder") and which is not otherwise taxed under any other circumstances described above, generally will not be taxed on any gain realized on the disposition of our common stock if, at any time during the calendar year of the

disposition, our common stock was regularly traded on an established securities market within the meaning of the applicable U.S. Treasury regulations.

We have applied to have our common stock listed on the Nasdaq National Market. Although not free from doubt, our common stock should be considered to be regularly traded on an established securities market for any calendar quarter during which it is regularly quoted on the Nasdaq National Market by brokers or dealers which hold themselves out to buy or sell our common stock at the quoted price. If our common stock were not considered to be regularly traded on the Nasdaq National Market at any time during the applicable calendar quarter and we are or have been a U.S. real property holding corporation, then a non-5% holder would be taxed for U.S. Federal income tax purposes on any gain realized on the disposition of our common stock on a net income basis as if the gain were effectively connected with the conduct of a U.S. trade or business by the non-5% holder during the taxable year and, in such case, the person acquiring our common stock from a non-5% holder generally would have to withhold 10% of the amount of the proceeds of the disposition. Such withholding may be reduced or eliminated pursuant to a withholding certificate issued by the U.S. Internal Revenue Service in accordance with applicable U.S. Treasury regulations. We urge all non-U.S. holders to consult their own tax advisors regarding the application of these rules to them.

FEDERAL ESTATE TAX

Common stock owned or treated as owned by an individual who is a non-U.S. holder at the time of death will be included in the individual's gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. Federal estate tax.

INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

We must report annually to the U.S. Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to that holder and the tax withheld from those dividends. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder is a resident under the provisions of an applicable income tax treaty or agreement.

The gross amount of dividends paid to a non-U.S. holder that fails to certify its non-U.S. holder status in accordance with applicable U.S. Treasury regulations generally will be reduced by backup withholding at a rate of 31%.

The payment of the proceeds of the disposition of common stock by a non-U.S. holder to or through the U.S. office of a broker generally will be reported to the U.S. Internal Revenue Service and reduced by backup withholding at a rate of 31% unless the non-U.S. holder either certifies its status as a non-U.S. holder under penalties of perjury or otherwise establishes an exemption and the broker has no actual knowledge to the contrary. The payment of the proceeds on the disposition of common stock by a non-U.S. holder to or through a non-U.S. office of a broker generally will not be reduced by backup withholding or reported to the U.S. Internal Revenue Service. If however, the broker is a U.S. person or has certain enumerated connections with the United States, the proceeds from such disposition generally will be reported to the U.S. Internal Revenue Service (but not reduced by backup withholding) unless certain conditions are met.

Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be refunded, or credited against the holder's U.S. Federal income tax liability, if any, provided that the required information is furnished to the U.S. Internal Revenue Service.

UNDERWRITING

We intend to offer the shares through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., Banc of America Securities LLC, SunTrust Capital Markets, Inc. and CIBC World Markets Corp. are acting as representatives of the underwriters named below. Subject to the terms and conditions described in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the number of shares listed opposite their names below.

NUMBER OF SHARES U.S. UNDERWRITER
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Salomon Smith Barney Inc.
Banc of America Securities LLC
SunTrust Capital Markets, Inc.
CIBC World Markets Corp.

Total.....
======

The underwriters have agreed to purchase all of the shares sold under the purchase agreement if any of these shares are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

COMMISSIONS AND DISCOUNTS

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to Cross Country. The information assumes either no exercise or full exercise by the underwriters of their over-allotment options.

PER SHARE	WITHOUT OPTION	WITH OPTION
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Cross Country	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $1,500,000 and are payable by Cross Country.

OVERALLOTMENT OPTIONS

We have granted an option to the underwriters to purchase up to 1,171,875 additional shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

RESERVED SHARES

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, dealers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

NO SALES OF SIMILAR SECURITIES

We and our executive officers and directors and substantially all existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;

- lend or otherwise dispose of or transfer any common stock;

- request or demand that we file a registration statement related to the common stock; or

- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

QUOTATION ON THE NASDAQ NATIONAL MARKET

We expect the shares to be approved for quotation on the Nasdaq National Market, subject to notice of issuance, under the symbol "CCRN."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;

- our financial information;

- the history of, and the prospects for, our company and the industry in which we compete;

- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenue;

- the present state of our development; and

- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

NASD REGULATIONS

Approximately 24.2 percent of the proceeds of the offering will be applied to pay down debt obligations owed to affiliates of Merrill Lynch, Salomon Smith Barney Inc., Banc of America Securities LLC and SunTrust Capital Markets, Inc. Because more than ten percent of the net proceeds of the offering will be paid to members or affiliates of members of the National Association of Securities Dealers, Inc. participating in the offering, the offering will be conducted in accordance with NASD Conduct Rule 2710(c)(8). This rule requires that the public offering price of an equity security be no higher than the price recommended by a qualified independent underwriter which has participated in the preparation of the registration statement and performed its usual standard of due diligence with respect to that registration statement. CIBC World Markets Corp. has agreed to act as qualified independent underwriter for the offering. The price of the shares will be no higher than that recommended by CIBC World Markets Corp.

The underwriters will not confirm sales of shares to any account over which they exercise discretionary authority without the prior written specific approval of the customer.

PRICE STABILIZATION, SHORT POSITIONS AND PENALTY BIDS

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

The underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the issuer in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or

purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases

of common shares made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common shares. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the U.S. representatives or the lead managers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

OTHER RELATIONSHIPS

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Salomon Smith Barney Inc. acted as the lead arranger, and affiliates of Salomon Smith Barney Inc. acted as administrative agent, collateral agent, issuing bank and swingline lender under our credit facility. In addition, affiliates of Merrill Lynch, Salomon Smith Barney Inc., Banc of America Securities LLC and SunTrust Capital Markets, Inc. are lenders under our credit facility. During the past two years we paid $3.8 million in fees to Salomon Smith Barney Inc. and its affiliates and $0.1 million to each of Merrill Lynch, Banc of America Securities LLC, SunTrust Capital Markets, Inc. and their affiliates, primarily in connection with lending activities.

INTERNET DISTRIBUTION

Merrill Lynch will be facilitating internet distribution for the offering to some of its internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the website maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch website relating to the offering is not a part of this prospectus.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Proskauer Rose LLP, New York, New York. Certain legal matters related to the offering will be passed upon for the Underwriters by Debevoise & Plimpton, New York, New York.

EXPERTS

The consolidated financial statements of Cross Country, Inc. at December 31, 2000 and 1999, and for the year ended December 31, 2000 and for the period from July, 30, 1999 to December 31, 1999, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Cross Country Staffing (a Partnership) as of July 29, 1999 and December 31, 1998, and for the period from January 1, 1999 through July 29, 1999 and for the year ended December 31, 1998, included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of TravCorps Corporation and Subsidiary at December 15, 1999, and for the period from December 27, 1998 to

December 15, 1999, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, and at December 26, 1998, and for the year ended December 26, 1998, by Deloitte & Touche LLP, independent auditors, as set forth in their respective reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The consolidated financial statements of ClinForce, Inc. at December 31, 2000 and 1999, and for each of the two years in the period ended December 31, 2000, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-1, which includes amendments, exhibits, schedules and supplements, under the Securities Act and the rules and regulations under the Securities Act, for the registration of the common stock offered by this prospectus. Although this prospectus, which forms a part of the registration statement, contains all material information included in the registration statement, parts of the registration statement have been omitted from this prospectus as permitted by the rules and regulations of the Commission. For further information with respect to us and the common stock offered by this prospectus, please refer to the registration statement. Statements contained in this prospectus as to the contents of any contracts or other document referred to in this prospectus are not necessarily complete and, where such contract or other document is an exhibit to the registration statement, each such statement is qualified in all respects by the provisions of such exhibit, to which reference is now made. The registration statement can be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Seven World Trade Center, 13th Floor, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the registration statement is publicly available through the Commission's site on the Internet's World Wide Web, located at: http://www.sec.gov.

After the offering, we will be subject to the full informational requirements of the Securities Exchange Act. To comply with these requirements, we will file periodic reports, proxy statements and other information with the Commission.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders
Cross Country, Inc.

We have audited the accompanying consolidated balance sheets of Cross Country, Inc. as of December 31, 1999 and 2000 and the related consolidated statements of operations, stockholders' equity and cash flows for the period from July 30, 1999 to December 31, 1999 and the year ended December 31, 2000. Our audit also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cross Country, Inc. at December 31, 1999 and 2000, and the results of their operations and their cash flows for the period from July 30, 1999 to December 31, 1999 and the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/S/ ERNST & YOUNG LLP

West Palm Beach, Florida

May 7, 2001, except for
the third paragraph of
Note 11, as to which
the date is August 23, 2001

CROSS COUNTRY, INC.

CONSOLIDATED BALANCE SHEETS

DECEMBER 31		JUNE 30, 1999
2000	2001	
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash	$ 4,827,877	$ --
$ --		
Accounts receivable, less allowance for doubtful accounts of $2,144,110 in 1999, $2,087,747		

in 2000 and $2,764,600 in 2001..... 50,243,772 65,087,380 72,550,119 Deferred income taxes..... 1,779,592 3,140,522 3,140,522 Income taxes receivable..... 2,936,436 2,076,471 642,514 Prepaid rent on employees' apartments..... 2,922,723 3,309,673 3,612,616 Deposits on employees' apartments, net of allowance of $300,445 in 1999, $418,775 in 2000 and $300,585 in 2001..... 1,518,071 1,055,106 1,235,417 Other current assets..... 449,595 2,032,437 3,202,925 ---------- ---------- ---------- - Total current assets..... 64,678,066 76,701,589 84,384,113 Property and equipment, net of accumulated depreciation and amortization of $3,470,984 in 1999, $5,024,756 in 2000 and $7,287,326 in 2001..... 3,975,129 6,168,505 8,280,860 Trademark, net of accumulated amortization of $158,644 in 1999, $746,669 in 2000 and $1,065,169 in 2001..... 14,541,356 13,953,331 15,734,831 Goodwill, net of accumulated amortization of $2,417,217 in 1999, $10,767,664 in 2000 and $15,431,774 in 2001..... 200,315,122 199,373,353 221,138,393 Other identifiable intangible assets, net of accumulated amortization of $949,236 in 1999, $3,746,200 in 2000 and $5,196,577 in 2001..... 15,480,764 12,683,800 12,533,423 Debt issuance costs, net of accumulated amortization of $746,341 in 1999, $2,616,598 in 2000 and $3,617,182 in 2001..... 10,475,198 8,604,941 8,586,190 Other assets..... 229,634 140,148 125,689 ---------- ---------- ------- ----- Total assets..... $309,695,269 $317,625,667 $350,783,499 ========== ========== ========== LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable..... $ 4,677,411 $ 6,445,501 $ 5,481,644 Accrued employee compensation and benefits..... 13,818,840 17,430,804 23,178,599 Accrued expenses..... 5,963,985 3,801,172 2,350,854 Current portion of long-term debt..... 5,120,000 12,400,000 20,280,000 Note payable and capital lease obligation..... 54,972 484,108 166,169 Net liabilities from discontinued operations..... 309,670 534,999 480,924 Other current liabilities..... 735,219 1,229,840 1,941,219 ---------- ---------- ---------- - Total current liabilities..... 30,680,097 42,326,424 53,879,409 Interest rate swap..... -- -- 962,045 Deferred income taxes..... 6,374,436 7,571,311 7,621,997 Long-term debt..... 153,899,000 144,388,000 163,203,960 ---------- -------- ---- ---------- Total liabilities..... 190,953,533 194,285,735 225,667,411 Commitments and contingencies Stockholders' equity: Common stock, Class A--$.0001 par value; 100,000,000 shares authorized; 22,445,104 shares issued and outstanding at December 31, 1999 and 2000, and 23,206,549 shares issued and outstanding at June 30, 2001..... 2,245 2,245 2,321 Common stock, Class B--$.0001 par value; 870,203 shares authorized; 760,284 shares issued and outstanding at December 31, 1999 and 2000, and 0 shares issued and outstanding at June 30, 2001..... 76 76 -- Additional paid-in capital..... 119,080,880 119,080,880 119,089,872 Accumulated other comprehensive income..... -- -- (907,184) (Accumulated deficit) retained earnings..... (341,465) 4,256,731 6,931,079 ---------- ---------- ---------- Total stockholders' equity..... 118,741,736 123,339,932 125,116,088 ---------- -------- ---- ---------- Total liabilities and stockholders'

equity..... $309,695,269 $317,625,667 $350,783,499 ============ ============ ============

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

SIX MONTHS ENDED PERIOD FROM JULY 30, YEAR ENDED JUNE 30 1999 TO DECEMBER 31, DECEMBER 31, 1999 2000 2000 2001
(UNAUDITED) Revenue from services..... $87,727,219 $367,689,902 $177,649,900 $222,706,485
Operating expenses: Direct operating expenses..... 68,036,524 273,094,434 131,870,100 167,098,892
Selling, general and administrative expenses..... 9,256,719 49,027,376 24,229,494 31,510,975
Bad debt expense..... 511,341 432,973 464,206 861,739
Depreciation..... 154,590 1,323,397 610,276 1,163,312
Amortization..... 4,421,577 13,701,384 7,317,010 7,495,287
Non-recurring indirect transaction costs..... -- 1,289,217 432,600 --
Total operating expenses..... 82,380,751 338,868,781 164,923,686 208,130,205
Income from operations..... 5,346,468 28,821,121 12,726,214 14,576,280
Other expenses: Interest expense, net..... 4,821,302 15,435,236 7,737,900 8,531,663
Income before income taxes and discontinued operations..... 525,166 13,385,885 4,988,314 6,044,617
Income tax expense..... (671,917) (6,730,024) (2,509,059) (2,826,463)
(Loss) income before discontinued operations..... (146,751) 6,655,861 2,479,255 3,218,154
Discontinued operations: Loss from discontinued operations of HospitalHub, less income tax benefit of $140,710 in 1999, $1,159,013 in 2000, and $0 and $495,959 for the six months ended June 30, 2000 and 2001, respectively (194,714) (1,603,833) (687,715)
-- Loss on disposal of HospitalHub, less income tax benefit of $0 in 1999, $327,963 in 2000 and $0 and $477,618 for the six months ended June 30, 2000 and 2001, respectively..... -- (453,832) (543,806)
Net (loss) income..... $ (341,465) $ 4,598,196 $ 1,791,540 $ 2,674,348
Net (loss) income per common share--basic and diluted: (Loss) income before discontinued operations..... $ (.01) $ .29 $ .11 $ .14
Discontinued operations..... (.01) (.09) (.03) (.02)
Net (loss)

income..... $ (.02)
$ .20 $ .08 $ .12 ==========
========== ========== ==========
Weighted average common shares
outstanding.....
15,291,749 23,205,388 23,205,388
23,205,586 ========== ==========
========== ==========

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

CLASS A SHARES	CLASS A DOLLARS	CLASS B SHARES	CLASS B DOLLARS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT	TOTAL
Balance at July 29, 1999 (date of incorporation).....						
13,114,880	$1,312	--	$ --	$ --	$ --	$ --
Issuance of common stock in conjunction with issuance of long-term debt.....						
380,163	38	760,284	76			
6,919,924	--	--	Issuance of common stock in exchange for employee services.....			
132,010	13	--	--	470,627	--	
--	Issuance of common stock in conjunction with acquisition of TravCorps Corporation.....					
8,818,052	882	--	--			
32,101,518	--	--	Net loss.....	--		
--	--	--	--	(341,465)	--	
--	Balance at December 31, 1999.....					
22,445,105	2,245	760,284	76			
119,080,880	--	(341,465)				
Net income.....	--					
--	--	--	--	4,598,196	--	
--	Balance at December 31, 2000.....					
22,445,105	2,245	760,284	76			
119,080,880	--	4,256,731				
Accumulated derivative loss (unaudited).....						
--	--	--	--	(907,184)	--	
Net income (unaudited).....	--	--	--	--	--	2,674,348
Conversion of Class B common stock to Class A.....						
760,284	76	(760,284)	(76)	--	--	--
Exercise of stock options.....						
1,160	--	--	--	8,992	--	--
Balance at June 30, 2001 (unaudited).....						
23,206,549	$2,321	--	$ --	$119,089,872	$ (907,184)	$6,931,079
==========	==========	==========	==========	==========	==========	==========

============ ==========
==========
TOTAL STOCKHOLDERS' EQUITY
------------- Balance at
July 29, 1999 (date of
incorporation)........... $
79,590,123 Issuance of
common stock in conjunction
with issuance of long-term
debt......... 6,920,038
Issuance of common stock in
exchange for employee
services..................
470,640 Issuance of common
stock in conjunction with
acquisition of TravCorps
Corporation...............
32,102,400 Net
loss....................
(341,465) ------------
Balance at December 31,
1999........................
118,741,736 Net
income..................
4,598,196 ------------
Balance at December 31,
2000........................
123,339,932 Accumulated
derivative loss
(unaudited).................
(907,184) Net income
(unaudited)........
2,674,348 Conversion of
Class B common stock to
Class A............ --
Exercise of stock
options..... 8,992 --------
---- Balance at June 30,
2001
(unaudited).................
$125,116,088 ============

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

PERIOD FROM SIX MONTHS ENDED JULY 30, 1999
TO YEAR ENDED JUNE 30, DECEMBER 31, DECEMBER
31, -------------------------- 1999 2000
2000 2001 ---------------- ------------ ----
------- ------------ (UNAUDITED) OPERATING
ACTIVITIES Net (loss)
income.............................. $
(341,465) $ 4,598,196 $ 1,791,540 $
2,674,348 Adjustments to reconcile net
(loss) income to net cash provided by
operating activities:
Amortization...............................
4,421,577 13,701,384 7,317,010 7,495,287
Depreciation...............................
154,590 1,323,397 610,276 1,163,312 Bad debt
expense.......................... 511,341
432,973 464,206 861,739 Cumulative interest
due at maturity........ 1,537,000 3,839,000
1,863,000 2,095,960 Estimated loss on
disposal of discontinued
operations............................... --
453,832 -- 543,806 Loss on derivative
instrument............. -- -- -- 54,861
Changes in operating assets and liabilities:
Accounts receivable........................
(1,874,246) (15,096,581) 2,781,466
(2,350,558) Prepaid rent, deposits, and
other current
assets..................................
(3,381,084) (1,385,374) (1,146,949)
(1,342,022) Accounts payable and accrued
expenses...... 1,793,712 2,679,076
(6,215,536) 1,673,817 Net liabilities from
discontinued
operations...............................
309,670 (228,503) 1,075,420 (597,881) Other
current liabilities..................

3,170,112 79,621 1,972,781 711,379 ---------
--- ---------- ---------- ----------
Net cash provided by operating
activities..... 6,301,207 10,397,021
10,513,214 12,984,048 INVESTING ACTIVITIES
Acquisition of TravCorps, net cash
acquired.... 1,787,434 -- -- -- Acquisition
of covenant not to compete.....
(250,000) -- -- -- Issuance of common
stock..... 10,000 -- -- --
Exercise of stock
options..... -- -- -- 8,992
Acquisition of E-Staff,
Inc..... -- (1,500,000) -- --
Acquisition of Heritage Professional
Education,
LLC.....
-- (6,200,000) -- (219,930) Acquisition of
Clinforce, Inc..... -- -- --
(31,409,250) Acquisition of Gill/Balsano
Consulting, L.L.C.
Assets.....
-- -- -- (1,831,000) (Increase) decrease in
other assets..... -- (6,205)
(192,710) (12,968) Increase in other
liabilities..... -- 1,196,875 -
- -- Purchase of property and
equipment..... (167,170) (1,992,109)
(553,167) (2,038,451) Increase in software
development costs..... -- (1,082,595) --
(781,669) ---------- ---------- ---------
-- ---------- Net cash provided by (used
in) investing
activities.....
1,380,264 (9,584,034) (745,877) (36,284,276)
FINANCING ACTIVITIES Debt issuance
costs..... 494,535 --
-- (981,833) Repayment of
debt.....
(148,305,305) (65,258,097) (51,005,798)
(63,067,939) Proceeds from issuance of
debt..... 144,700,000 59,617,233
37,583,126 87,350,000 ---------- ---------
-- ---------- ---------- Net cash (used
in) provided by financing
activities.....
(3,110,770) (5,640,864) (13,422,672)
23,300,228 Change in
cash.....
4,570,701 (4,827,877) (3,655,335) Cash at
beginning of period.....
257,176 4,827,877 4,827,877 -- ----------
---------- ---------- ---------- Cash
at end of period..... $
4,827,877 $ -- $ 1,172,542 $ -- ==========
========== ========== ==========

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

PERIOD FROM SIX MONTHS ENDED JULY 30,
1999 TO YEAR ENDED JUNE 30 DECEMBER 31,
DECEMBER 31, ----------
1999 2000 2000 2001 ---------- ---
--------- ---------- ----------
(UNAUDITED) SUPPLEMENTAL DISCLOSURE OF
NONCASH INVESTING AND FINANCING
ACTIVITIES Issuance of common stock in
connection with issuance of
debt..... $
6,920,038 $ -- $ -- $ ==========
========== ========== ==========
Issuance of common stock with TravCorps
acquisition.....
$32,102,400 $ -- $ -- $ ==========
========== ========== ==========
Issuance of common stock in exchange for
employee
services..... $
470,640 $ -- $ -- $ ==========
========== ========== ==========
SUPPLEMENTAL DISCLOSURE OF CASH FLOW

INFORMATION Interest paid..... $ 3,005,467 $10,711,873 $5,511,176 $7,215,446 ========== ========== ========== ========== Income taxes paid..... $ 437,873 $ 221,467 $3,616,367 $2,229,550 ========== ========== ========== ==========

See accompanying notes.

CROSS COUNTRY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 2000
(INFORMATION PERTAINING TO JUNE 30, 2001 AND TO THE SIX MONTH PERIODS ENDED JUNE 30, 2001 AND 2000 IS UNAUDITED)

1. ORGANIZATION AND BASIS OF PRESENTATION

On July 29, 1999, Cross Country Staffing, Inc. (CCS), a Delaware corporation, was established through an acquisition of certain assets and liabilities of Cross Country Staffing (the Partnership), a Delaware general partnership. The acquisition included certain identifiable intangible assets primarily related to proprietary databases and contracts. The Partnership was engaged in the business of providing nurses and other allied health personnel to health care providers primarily on a contract basis. CCS recorded the assets and certain assumed liabilities, as defined in the asset purchase agreement, at fair market value. The purchase price of approximately $189,000,000 exceeded the fair market value of the assets less the assumed liabilities by approximately $167,537,000, of which $20,890,000 was allocated to certain identifiable intangible assets ($8,900,000--trademark, $8,440,000--databases, $1,040,000--workforce, and $2,510,000--hospital relations), and $250,000 relating to a covenant not to compete. The remaining $146,397,000 was allocated to goodwill.

On December 16, 1999, CCS entered into a Plan of Merger with TravCorps Corporation (TravCorps). TravCorps and its wholly-owned subsidiary, Cejka & Company (Cejka) provide flexible staffing, search, consulting and related outsourced services to health care providers throughout the United States. Pursuant to the Plan of Merger on December 16, 1999, all outstanding shares of TravCorps' common stock were exchanged for common stock in CCS and TravCorps became a wholly-owned subsidiary of CCS. The fair value of the shares of common stock issued to the stockholders of TravCorps, as determined by a valuation of the common stock as of December 16, 1999, was $32,102,000. The purchase price exceeded the fair value of the net tangible assets acquired by approximately $66,575,000, of which $10,240,000 was allocated to certain identifiable intangible assets ($5,800,000--trademark, $2,910,000--databases, $630,000--workforce, and $900,000--hospital relations). The remaining $56,335,000 was allocated to goodwill. The acquisition was accounted for as a purchase and, accordingly, the accompanying consolidated financial statements include the results of TravCorps from the acquisition date.

Effective October 1, 2000, TravCorps changed its name to TVCM, Inc. (TVCM).

Effective October 10, 2000, CCS changed its name to Cross Country TravCorps, Inc. (CCT). Subsequent to December 31, 2000, CCT changed its name to Cross Country, Inc. (the Company). The Company is primarily engaged in the business of providing temporary health care staffing services to acute and subacute care facilities nationwide.

The consolidated financial statements include the accounts of the Company and its wholly-owned direct and indirect subsidiaries, TVCM (f/k/a TravCorps), Cejka, CC Staffing, Inc., E-Staff, Inc. (E-Staff), HospitalHub, Inc. (f/k/a Ashley One, Inc.)(HospitalHub), and Cross Country Seminars, Inc. (f/k/a CCS/Heritage Acquisition Corp.) (Cross Country Seminars). All material intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements as of June 30, 2001 and for the six months ended June 30, 2000 and 2001 have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position, results of operations and cash flows have been included. The results of operations for

CROSS COUNTRY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999 AND 2000

1. ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)
the six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the 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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk as defined by Financial Accounting Standards Board (FASB) Statement No. 105, DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK, consist principally of accounts receivable. The Company's customers are health care providers and accounts receivable represent amounts due from these providers. The Company performs ongoing credit evaluations of its customers' financial conditions and, generally, does not require collateral. Overall, based on the large number of customers in differing geographic areas throughout the United States and its territories, the Company believes the concentration of credit risk is limited. As of December 31, 1999, approximately 8% of the outstanding accounts receivable were due from one customer and as of December 31, 2000, approximately 9% of the outstanding accounts receivable were due from four customers. As of June 30, 2001, approximately 10% of the outstanding accounts receivable were due from five customers.

PREPAID RENT AND DEPOSITS

The Company leases a number of apartments for its employees under short-term agreements (typically three to six months), which generally coincide with each employee's staffing contract. As a condition of these agreements, the Company places security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term agreements.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which generally range from three to seven years. Leasehold improvements are depreciated over the lives of the related leases or the useful life of an individual lease, whichever is shorter.

Certain software development costs are capitalized in accordance with the provisions of Statement of Position 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE and FASB Statement No. 86, ACCOUNTING FOR COSTS OF COMPUTER SOFTWARE TO BE SOLD, LEASED, OR OTHERWISE MARKETED. Such costs include charges for consulting services and costs for personnel associated with

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
programming, coding, and testing such software. Amortization of capitalized software costs begins when the software is placed into service and is included in depreciation expense in the accompanying consolidated statements of operations. Software development costs are being amortized using the straight-line method over five years or revenue to projected revenue, if greater. Through June 30, 2001, the Company has not recognized any revenue from the sale of software.

RESERVES FOR CLAIMS

Workers' compensation and health care benefits are provided under partially self-insured plans. The Company records its estimate of the ultimate cost of, and reserves for, workers' compensation and health care benefits based on actuarial computations using the loss history as well as industry statistics. Furthermore, in determining its reserves, the Company includes reserves for estimated claims incurred but not reported.

The ultimate cost of workers' compensation and health care benefits will depend on actual costs incurred to settle the claims and may differ from the

amounts reserved by the Company for those claims. Accruals for workers' compensation claims and health care benefits are included in accrued employee compensation and benefits in the consolidated balance sheets.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill is being amortized using the straight-line method over its estimated useful life ranging from 5 to 25 years. Other identifiable intangible assets, net, consist of database (approximately $10,550,000, $8,259,000, and $7,121,000), workforce (approximately $1,593,000, $1,315,000, and $2,014,000) and hospital relations (approximately $3,338,000, $3,110,000, and $3,399,000) at December 31, 1999, December 31, 2000, and June 30, 2001, respectively. Identifiable intangible assets are being amortized using the straight-line method over their estimated useful lives ranging from 4.5 to 25 years. In accordance with FASB Statement No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company periodically reviews goodwill to determine if any impairment exists based upon projected, undiscounted net cash flows of the Company. Recoverability of intangible assets is measured by comparison of the carrying amount of the asset to net future cash flows expected to be generated from the asset. Identifiable intangible assets not covered by FASB Statement No. 121 and goodwill not identified with assets that are subject to an impairment loss are evaluated in accordance with Accounting Principles Board (APB) Opinion No. 17, INTANGIBLE ASSETS. At December 31, 1999, December 31, 2000 and June 30, 2001, the Company believes that no impairment of goodwill or identifiable intangible assets exists.

DEBT ISSUANCE COSTS

Deferred costs related to the issuance of debt are being amortized on a straight-line basis, which approximates the effective interest method, over the six-year term of the debt. Debt issuance costs of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
approximately $11,222,000, less accumulated amortization of approximately $746,000 and $2,617,000 at December 31, 1999 and December 31, 2000, respectively, are recorded in the consolidated balance sheets. Debt issuance costs of approximately $12,203,000, less accumulated amortization of approximately $3,617,000 are recorded in the consolidated balance sheet at June 30, 2001.

REVENUE RECOGNITION

Revenue from services consists primarily of temporary staffing revenues. Revenue is recognized when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At December 31, 1999, December 31, 2000, and June 30, 2001, the amounts accrued are approximately $5,526,000, $14,970,000, and $14,806,000, respectively.

Revenues on permanent and temporary placements are recognized when services provided are substantially completed. The Company does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a short period of time I.E., one month, it is customary for us to seek a replacement at no additional cost. Allowances are established as considered necessary to estimate significant losses due to placed candidates not remaining employed for the Company's guarantee period. During 2000, 1999 and 1998, such replacements and refunds were not material and, accordingly, related allowances were not recorded.

STOCK-BASED COMPENSATION

The Company, from time to time, grants stock options for a fixed number of common shares to employees. The Company accounts for employee stock option grants in accordance with Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and accordingly, recognizes no compensation expense for the stock option grants when the exercise price of the options equals, or is greater than, the market value of the underlying stock on the date of grant. Accordingly, the Company did not recognize any compensation cost during the period from July 30, 1999 to December 31, 1999, the year ended December 31, 2000, or the six months ended June 30, 2000 and 2001 for stock-based employee compensation awards.

ADVERTISING

The Company's advertising expense consists primarily of print media, online

advertising and promotional material. Advertising costs are expensed as incurred and were approximately $404,000 for the period from July 30, 1999 to December 31, 1999, $2,450,000 for the year ended December 31, 2000, and $1,245,000 and $1,391,000 for the six months ended June 30, 2000 and 2001, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to market risks arising from changes in interest rates. To protect against such risks, the Company has one derivative financial instrument, an interest rate swap agreement, which is more fully disclosed in Note 13, INTEREST RATE SWAP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
COMPREHENSIVE INCOME

The Company has adopted FASB Statement No. 130, COMPREHENSIVE INCOME, which requires that an enterprise: (a) classify items of other comprehensive income by their nature in the financial statements; and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. The items of other comprehensive income that are typically required to be displayed are foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. There are no other components of comprehensive income or loss other than the Company's consolidated net (loss) income for the period from July 30, 1999 to December 31, 1999, the year ended December 31, 2000, and the six months ended June 30, 2000 and the accumulated derivative loss for the six months ended June 30, 2001.

During 1998, the FASB issued Statement No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, which was effective beginning January 1, 2001. FASB Statement No. 133 requires companies to recognize all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as either a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. As the Company's derivative instrument is designated and qualifies as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in current earnings during the period of change.

The Company implemented the provisions of FASB Statement No. 133 on January 1, 2001. The implementation of FASB Statement No. 133 resulted in a reduction in consolidated stockholders' equity of approximately $910,000 as of January 1, 2001. During the six months ended June 30, 2001, the Company recorded the following in accumulated other comprehensive income:

Accumulated derivative loss at January 1, 2001.....	$(910,009)
Net change in hedging transaction.....	2,825
Accumulated derivative loss at June 30, 2001.....	$(907,184)

INCOME TAXES

The Company accounts for income taxes under FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. Deferred income tax assets and liabilities are determined based upon differences between

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin (SAB) No. 101, REVENUE RECOGNITION. SAB No. 101 provides interpretive guidance on the recognition, presentation, and disclosure of revenue in financial statements. The Company believes that its current revenue recognition policies comply with SAB No. 101.

In July 2001, the FASB issued Statement No. 141, BUSINESS COMBINATIONS and Statement No. 142, INTANGIBLE ASSETS. FASB Statement No. 141 eliminates the pooling-of-interests method of accounting for business combinations except for qualifying business combinations that were initiated before July 1, 2001. FASB Statement No. 142 further clarifies the criteria to recognize intangible assets separately from goodwill and promulgates that goodwill and certain intangible assets not be amortized. Instead, these assets will be reviewed for impairment annually with any related losses recognized in earnings when incurred. These standards will apply to the Company beginning January 1, 2002 for existing intangible assets and July 1, 2001 for business combinations completed after June 30, 2001.

RECLASSIFICATIONS

Certain amounts in the 1999 consolidated financial statements have been reclassified to conform to the 2000 presentation.

3. ACQUISITIONS

Effective July 31, 2000, the Company acquired substantially all of the assets of E-Staff, a Pennsylvania corporation, for $1,500,000. E-Staff is a development-stage company creating an Internet, subscription-based communication, scheduling, credentialing and training service business. The acquisition met the accounting criteria of a purchase and, accordingly, the accompanying consolidated financial statements include the results of E-Staff from the acquisition date. The consideration for this acquisition included $1,500,000 in cash. In addition, the asset purchase agreement provides for potential earnout payments of up to $3,250,000 to the seller based on the profits of E-Staff over a three-year period ending July 31, 2003. This contingent consideration is not related to the seller's employment. Upon payment, the earnouts will be allocated to goodwill as additional purchase price and amortized over the remaining life of the asset. The excess of the aggregate purchase price over the fair market value of the assets acquired of approximately $927,000 was allocated to goodwill and is being amortized over five years.

Effective December 26, 2000, Cross Country Seminars acquired substantially all of the assets of Heritage Professional Education, LLC (Heritage), a Tennessee limited liability company. Heritage provides continuing professional education courses to medical and healthcare personnel through seminars and study programs servicing the healthcare industry. The acquisition met the accounting criteria of a purchase and, accordingly, the accompanying consolidated financial statements include the

3. ACQUISITIONS (CONTINUED)
results of Heritage from the acquisition date. The consideration for this acquisition included $6,200,000 in cash and a post-closing adjustment of approximately $300,000, to be paid 90 days from the closing date. In addition, the asset purchase agreement provides for potential earnout payments of approximately $6,500,000 based on adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) (as defined in the asset purchase agreement) of Heritage over a three-year period ending December 31, 2003. This contingent consideration is not related to the seller's employment. Upon payment, the earnouts will be allocated to goodwill as additional purchase price and amortized over the remaining life of the asset. The excess of the aggregate purchase price over the fair market value of the assets acquired of approximately $6,482,000 was allocated to goodwill and is being amortized over 25 years.

On December 15, 2000, the Company entered into a stock purchase agreement to acquire substantially all of the outstanding stock of two subsidiaries that

comprise ClinForce Inc., a Delaware corporation that provides temporary staffing and permanent placement of clinical trials support services personnel. The acquisition was consummated on March 16, 2001 and met the accounting criteria of a purchase. The transaction was primarily funded through the issuance of additional debt. The purchase price of approximately $31,000,000 exceeded the fair value of assets acquired less liabilities assumed by approximately $27,788,000 of which $3,400,000 was allocated to certain identifiable intangible assets ($2,100,000--trademark, $890,000--workforce, $410,000--hospital relations). The remaining $24,388,000 was allocated to goodwill and is being amortized over 25 years. The purchase price was subject to a post-closing adjustment based on changes in the net working capital of the acquired companies between October 31, 2000 and March 16, 2001. Subsequent to June 30, 2001, the post closing adjustment of approximately $1.4 million was calculated and allocated to goodwill as additional purchase price.

In May 2001, Cejka acquired substantially all of the assets of Gill/Balsano Consulting, L.L.C. (Gill/ Balsano), a Delaware limited liability company. Gill/Balsano provides management consulting services to the healthcare industry. The acquisition met the accounting criteria of a purchase, and, accordingly, the accompanying consolidated financial statements include the results of Gill/Balsano from the acquisition date. The consideration for this acquisition was $1,831,000 in cash. In addition, the asset purchase agreement provides for potential earnout payments of approximately $1,995,000 based on adjusted EBITDA (as defined in the asset purchase agreement) of Gill/Balsano over a three-year period ending March 31, 2004. This contingent consideration is not related to the seller's employment. Upon payment, the earnouts will be allocated to goodwill as additional purchase price and amortized over the remaining life of the asset. The excess of the aggregate purchase price over the fair market value of the assets acquired of approximately $1,674,000 was allocated to goodwill and is being amortized over 25 years.

The following unaudited pro forma summary presents the consolidated results of operations as if the Company's acquisitions had occurred as of the beginning of each period presented, after giving effect to certain adjustments, including amortization of goodwill and other specifically identifiable intangibles, interest expense incurred on additional borrowings and related income tax effects. E-staff and Gill/Balsano's results of operations have been excluded from the pro forma financial information as amounts are considered immaterial to the Company. The pro forma financial information does not

3. ACQUISITIONS (CONTINUED)
purport to be indicative of the results of operations that would have occurred had the transactions taken place at the beginning of the periods presented or of future results of operations.

PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 1999	SIX MONTHS ENDED DECEMBER 31, 2000	YEAR ENDED JUNE 30, 2001
Revenue from services.....	$151,847,118	$407,732,700	$230,400,235
Net (loss) income.....	$ (3,133,254)	$ 4,611,097	$ 2,557,481
Net (loss) income per common share--basic and diluted.....	$ (0.20)	$ 0.20	$ 0.11

4. PROPERTY AND EQUIPMENT

At December 31, 1999, December 31, 2000 and June 30, 2001, property and

equipment consist of the following:

DECEMBER 31,		
JUNE 30, 1999	2000	2001
Computer equipment	$ 4,601,677	$ 4,830,242	$ 5,954,893
Computer software	875,672	3,900,076	5,815,082
Office equipment	548,190	760,527	1,117,394
Furniture and fixtures	736,551	833,786	1,567,979
Leasehold improvements	684,023	868,630	1,112,838
	7,446,113	11,193,261	15,568,186
Less accumulated depreciation and amortization	(3,470,984)	(5,024,756)	(7,287,326)
	$ 3,975,129	$ 6,168,505	$ 8,280,860

At December 31, 2000 and June 30, 2001, computer software includes approximately $1,481,000 and $2,263,000, respectively, of software development costs capitalized in accordance with the provisions of FASB Statement No. 86.

5. ACCRUED COMPENSATION AND BENEFITS

At December 31, 1999, December 31, 2000 and June 30, 2001, accrued employee compensation and benefits consist of the following:

DECEMBER 31,		
JUNE 30, 1999	2000	2001
Salaries	$ 5,660,772	$ 6,903,347	$ 9,706,448
Bonuses	5,686,305	6,858,620	8,769,918
Accrual for workers' compensation claims	1,896,543	2,095,720	2,442,809
Accrual for health care benefits	372,000	1,295,632	1,628,960
Accrual for vacation	203,220	277,485	630,464
	$17,430,804	$23,178,599	$13,818,840

6. LONG-TERM DEBT AND NOTE PAYABLE

At December 31, 1999, December 31, 2000 and June 30, 2001, long-term debt consists of the following:

DECEMBER 31,		
JUNE 30, 1999	2000	2001
Term Loan, interest at 9.46% at December 31, 1999, 9.52%, 9.50%, and 9.41% for $65,000,000, $45,000,000 and $4,880,000, respectively at December 31, 2000 and 6.73% and 6.88% for $108,680,000 and $30,000,000, at June 30, 2001			

$120,000,000
$114,880,000
$138,680,000 Revolving
Loan Facility, interest
at 9.46% and 10.50% for
$5,400,000 and
$3,000,000,
respectively, at
December 31, 1999,
11.25% and 9.40% for
$1,250,000 and
$6,200,000,
respectively at
December 31, 2000 and
8.75% for $8,250,000,
at June 30,
2001.....
8,400,000 7,450,000
8,250,000 Subordinated
Pay-In-Kind Notes,
interest at
12%.....
30,619,000 34,458,000
36,553,960 ----------
---------- ----------
-- 159,019,000
156,788,000 183,483,960
Less current
portion.....
(5,120,000)
(12,400,000)
(20,280,000) ----------
-- ---------- -------
----- $153,899,000
$144,388,000
$163,203,960
==========
==========
==========

6. LONG-TERM DEBT AND NOTE PAYABLE (CONTINUED)

On July 29, 1999, the Company entered into a $105 million senior secured credit facility consisting of a $75,000,000 term loan and a $30,000,000 revolving loan facility. The term loan and the revolving loan facility bear interest based on either an alternate base rate plus a margin of 2.00%, 1.75%, and 2.00% at December 31, 1999, December 31, 2000, and June 30, 2001 respectively, or LIBOR plus a margin of 3.00%, 2.75%, and 3.00% at December 31, 1999, December 31, 2000, and June 30, 2001, respectively, (each as defined in the senior secured credit facility). During fiscal year 2000, the Company met certain covenants which provided for the above reduction in interest rates. On December 16, 1999, the senior credit facility was increased to $120 million. The Company has pledged all of the assets of the Company as collateral for the senior credit facility.

In March 2001, the senior credit facility was amended to increase the term loan facility to $144,900,000. The Company is required to pay a quarterly commitment fee at a rate of 0.50% per year on unused commitments under the revolving loan facility.

The senior credit facility allows for the issuance of letters of credit in an aggregate face amount at any time outstanding not in excess of $4,000,000, $5,000,000, and $6,000,000 at December 31, 1999, December 31, 2000, and June 30, 2001, respectively. Additionally, swingline loans, as defined in the senior credit facility, not to exceed an aggregate principal amount at any time outstanding of $7,000,000 are available under the senior credit facility.

The senior credit facility requires that the Company meet certain covenants, including the maintenance of certain debt and interest expense ratios, capital expenditure limits, and the maintenance of a minimum level of EBITDA (as defined in the senior credit facility). The senior credit facility also limits the Company's ability to declare and pay cash dividends on its common stock.

On July 29, 1999, the Company issued $30,000,000 in senior subordinated pay-in-kind notes to two financial institutions. The proceeds of the loan were used by the Company solely to finance the CCS acquisition and to pay fees and expenses incurred in connection therewith. The interest rate on the subordinated notes is 12% per annum, compounded quarterly. The pay-in-kind notes represent

additional debt issued by the Company in lieu of cash payments for accrued interest. The maturity date is the earlier of six months after the final maturity of the term and revolving debt issuances (January 29, 2006) or change in control of the Company.

In connection with the issuance of the subordinated debt, the Company issued 504,468 shares of its common stock to the financial institutions. Debt issuance costs of $6,920,000 relating to this transaction were recorded, which represented the fair market value of the shares at the time of issuance.

6. LONG-TERM DEBT AND NOTE PAYABLE (CONTINUED)

The revolving loan facility matures on July 29, 2005. The aggregate scheduled maturities of the term notes, the subordinated notes and the revolving loan facility are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 12,400,000
2002	20,160,000
2003	29,600,000
2004	34,720,000
2005	25,450,000
Thereafter	34,458,000
	$156,788,000

On July 16, 2000, the Company entered into a note payable with a third party. The proceeds from the note payable were used to pay the Company's insurance premiums. Principal and interest are payable over an 11-month period at an interest rate of 7.10%. At December 31, 2000 and June 30, 2001, respectively, the outstanding balance was $484,108 and $0.

7. EMPLOYEE BENEFIT PLANS

The Company maintains a voluntary defined contribution 401(k) profit-sharing plan covering all eligible employees as defined in the plan documents. The plan provides for a discretionary matching contribution, which is equal to a percentage of each contributing participant's elective deferral, which the Company, at its sole discretion, determines from year to year. Contributions by the Company, net of forfeitures, under this plan amounted to approximately $487,000 for the period from July 30, 1999 to December 31, 1999, and $885,000 for the year ended December 31, 2000. Contributions by the Company, net of forfeitures, under this plan amounted to approximately $461,000 and $1,212,000 for the six months ended June 30, 2000 and 2001, respectively.

TVCM employees were covered under a separate benefit plan for both 2000 and 1999. TVCM had a 401(k) defined contribution plan for eligible employees. Eligible employees made pretax savings contributions to the 401(k) Plan of up to 20% of their earnings to a certain statutory limit. TVCM matched employee contributions from 1% to 3% of compensation based on years of service. Contributions to the 401(k) Plan were approximately $630,000 for the year ended December 31, 2000 and $270,000 for the six months ended June 30, 2000. Effective fiscal 2001, TVCM employees participated in the Company's defined contribution 401(k) profit-sharing plan.

8. COMMITMENTS AND CONTINGENCIES

The Company has entered into noncancelable operating lease agreements for the rental of space. Future minimum lease payments associated with these agreements are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 894,000

2002.....
944,000
2003.....
965,000
2004.....
905,000
2005.....
919,000
Thereafter.....
1,557,000 ---------- $6,184,000 ==========

Rent expense related to office facilities was approximately $308,000 for the period July 30, 1999 to December 31, 1999, $1,527,000 for the year ended December 31, 2000, and $645,000 and $1,044,000 for the six months ended June 30, 2000 and 2001, respectively.

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

9. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. The carrying amount of the revolving credit note and term loan approximates fair value because the interest rate is tied to a quoted variable index.

10. INCOME TAXES

The components of the income tax expense are as follows:

PERIOD FROM JULY 30, 1999 TO YEAR ENDED DECEMBER
31, DECEMBER 31, ---------- ----------
1999 2000 ---------- ----------
Current.....
$ 15,000 $5,407,103
Deferred.....
516,207 (164,055) ---------- ---------- $ 531,207
$5,243,048 ========== ==========

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

10. INCOME TAXES (CONTINUED)

Significant components of the Company's deferred tax assets and liabilities are as follows:

DECEMBER 31, ---------- 1999 2000
---------- ---------- Deferred tax assets:
Accrued and prepaid
expenses..... $ 1,038,863 $
2,376,762 Allowance for doubtful
accounts..... 347,492 841,844 Net
operating loss carryforward.....
85,324 --
Other.....
307,913 (78,084) ---------- ----------
1,779,592 3,140,522 Deferred tax liabilities:
Depreciation and
amortization..... (2,190,845)
(3,720,933) Identifiable
intangibles..... (4,183,591)
(3,850,378) ---------- ---------- (6,374,436)
(7,571,311) ---------- ---------- Net deferred
taxes.....
$(4,594,844) $(4,430,789) ==========
==========

FASB Statement No. 109 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some of or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management

has determined that a valuation allowance at December 31, 1999 and 2000 is not necessary. The reconciliation of income tax computed at the U. S. federal statutory rate to income tax expense is as follows:

DECEMBER 31,	1999	2000
Tax at U. S. statutory rate	$ 183,808	$ 4,685,061
State taxes, net of federal benefit	18,706	468,908
Non-deductible goodwill	50,686	1,136,323
Non-deductible meals and entertainment	438,895	38,862
Benefit from discontinued operations	(140,710)	(1,486,976)
Other	(20,178)	400,870
	$ 531,207	$ 5,243,048

At December 31, 1999, the Company had available net operating loss carryforwards of approximately $207,000. There were no available net operating loss carryforwards at December 31, 2000 and June 30, 2001.

11. STOCKHOLDERS' EQUITY

Effective on December 10, 1999, the Company approved a 2.26066 for 1 stock split of its common stock. All common stock data in these consolidated financial statements have been adjusted to give retroactive effect to the stock split.

Effective April 27, 2001, the 760,284 issued and outstanding shares of the Company's Class B common stock were converted to an equal number of shares of Class A common stock of the Company.

Effective August 23, 2001, the Company approved a 5.80135 for 1 stock split of its common stock. All common stock data in these consolidated financial statements have been adjusted to give retroactive effect to the stock split.

STOCK OPTIONS

On December 16, 1999, the Company's Board of Directors approved the 1999 Stock Option Plan and Equity Participation Plan (collectively, the Plans), which provide for the issuance of incentive stock options (ISOs) and non-qualified stock options to eligible employees for the purchase of up to 4,398,000 shares of Class A common stock. Non-qualified stock options may also be issued to consultants. Under the Plans, the exercise price of options granted must equal or exceed the fair market value of the Company's common stock on the date of grant, and the exercise price of ISOs granted may not be less than 110% of such fair market value with respect to any options granted to a participant who owns 10% or more of the Company's outstanding common stock. Options granted during 1999 and 2000 under the 1999 Stock Option Plan generally vest ratably over 4 years. Options granted during 1999 and 2000 under the Equity Participation Plan vest 25% on the first anniversary of the date of grant and then vest 12.5% every 6 months thereafter. All options expire on the tenth (or, in the case of a 10% shareholder, the fifth) anniversary of the date of grant.

Information regarding the Company's stock option activity is summarized below:

	WEIGHTED AVERAGE STOCK OPTION EXERCISE PRICE ACTIVITY	OPTION PRICE PER SHARE
Options outstanding at July 29, 1999	--	$ -- - $ --
Granted	3,441,796	7.75-23.25
	11.90	
Options outstanding at December 31, 1999	3,441,796	7.75-23.25
	11.90	
Granted	194,055	10.13-32.35
	14.75	
Canceled	(516,280)	7.75-23.25
	12.81	
Options outstanding at December 31, 2000	3,119,571	7.75-32.35
	11.93	
GRANTED	182,743	12.38-37.13
	21.07	
CANCELED	(32,633)	7.75-10.80
	8.10	
EXERCISED	(1,160)	7.75
	7.75	
OPTIONS OUTSTANDING		

AT JUNE 30, 2001..... 3,268,521 $
7.75-37.13 $ 12.48 =========

11. STOCKHOLDERS' EQUITY (CONTINUED)

There were no exercisable options at December 31, 1999. The number of options exercisable at December 31, 2000 was 736,818 and at June 30, 2001 was 977,005. The weighted-average grant-date fair value of options granted during 1999 and 2000 and the six months ended June 30, 2001 was $4.05 per share, $5.56 per share and $6.15 per share, respectively.

EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS REMAINING CONTRACTUAL LIFE	OPTIONS EXERCISABLE
$ 7.75	1,300,239	8.50	369,215
10.13	35,818	9.00 -- 10.78	38,440
9.25 -- 11.62	664,933	8.50	249,348
12.38	44,612	9.75 -- 15.19	11,725
9.00 -- 15.50	664,933	8.50	249,348
16.17	25,404	9.25 -- 18.57	56,668
9.75 -- 19.37	145,457	8.50	54,544
20.26	11,725	9.00 -- 21.56	25,404
9.25 -- 23.25	145,457	8.50	54,544
24.76	56,668	9.75 -- 25.32	2,564
9.00 -- 26.96	5,558	9.25	

-- 30.39
2,564 9.00
-- 30.95
12,397
9.75 --
32.35
5,558 9.25
-- 37.13
12,397
9.75 --

Had compensation cost for stock options granted during 1999, 2000, and 2001 been measured under the fair value based method prescribed by FASB Statement No. 123, ACCOUNTING FOR STOCK-BASED

11. STOCKHOLDERS' EQUITY (CONTINUED)
COMPENSATION, the Company's consolidated net income (loss) would have changed to the pro forma amounts set forth below.

PERIOD FROM JULY 30, 1999 TO YEAR
ENDED DECEMBER 31, DECEMBER 31, --
-------------- ------------ JUNE
30, 1999 2000 2001 ---------------
-- ------------ ---------- Pro
forma net (loss)
income..... $ (444,569)
$2,818,729 $1,727,147 ==========
========== ========== Pro forma
(loss) income per common share--
basic and diluted: (Loss) income
from continuing
operations.....
$ (0.02) $ 0.21 $ 0.09
Discontinued
operations..... (0.01)
(0.09) (0.02) ---------- ---------
- ---------- Net (loss)
income..... $
(0.03) $ 0.12 $ 0.07 ==========
========== ==========

The fair value of options granted used to compute pro forma net income (loss) disclosures were estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

DECEMBER 31, ------------------ JUNE
30, 1999 2000 2001 -------- -------- ---
------ Dividend
yield.....
0.00% 0.00% 0.00% Expected
volatility.....
60.00 60.00 60.00 Risk-free interest
rate..... 5.19
5.19 5.19 Expected
life.....
6 years 6 years 6 YEARS

The effect of applying FASB Statement No. 123 for providing pro forma disclosures is not likely to be representative of the effect on reported net income in future years.

12. EARNINGS PER SHARE

In accordance with the requirements of FASB Statement No. 128, EARNINGS PER SHARE, basic earnings per share is computed by dividing net income or loss by the weighted average number of shares outstanding and diluted earnings per share reflects the dilutive effects of stock options (as calculated utilizing the treasury stock method). Shares of common stock that are issuable upon the exercise of options have been excluded from the 1999, 2000, and 2001 per share calculations because their effect would have been anti-dilutive.

13. INTEREST RATE SWAP

The Company's senior credit facility requires that the Company maintain an interest rate protection agreement to manage the impact of interest rate changes

on the Company's variable rate obligations. Effective February 7, 2000, the Company entered into an interest rate swap agreement (the

13. INTEREST RATE SWAP (CONTINUED)

Agreement) with a financial institution. Interest rate swap agreements involve the exchange of floating interest rate payments for fixed interest rate payments over the life of the agreement without an exchange of the underlying notional amount. The Company entered into the Agreement to reduce the exposure to adverse fluctuations in floating interest rates on the underlying debt obligation as required by the senior credit facility and not for trading purposes.

The interest rate swap matures on February 7, 2003 and has an underlying notional amount of $45,000,000. The floating interest rate to be paid to the Company is based on the three-month U.S. dollar London Interbank Offered Rate (LIBOR), which is reset quarterly, while the fixed interest rate, through December 31, 2000, to be paid by the Company is 6.625% if the three-month US dollar LIBOR is less than 7.25%, the three-month U.S. dollar LIBOR if LIBOR is greater than or equal to 7.25% but less than 8.5%, and 8.5% if the three-month U.S. dollar LIBOR is greater than or equal to 8.5% over the term of the Agreement. Effective January 1, 2001, the Agreement was amended to change the fixed rate to be paid by the Company to 6.705%. In addition, the maturity date of the Agreement was extended to February 28, 2003. Any differences paid or received under the terms of the Agreement are recognized as adjustments to interest expense over the life of the swap, thereby adjusting the effective interest rate on the underlying debt obligation.

For the period from February 7, 2000 through December 31, 2000, the Company paid a fixed interest rate of 6.625% based on an underlying notional amount of $45,000,000. The floating interest rate paid by the financial institution to the Company approximated 6.7503%. The carrying value of the interest rate swap at December 31, 2000 and June 30, 2001 was immaterial as to the net amount due from the financial institution. The fair value of the interest rate swap approximated a $910,000 and $962,000 net payable based on quoted market prices for similar instruments at December 31, 2000 and June 30, 2001, respectively. The estimated fair value of the swap will fluctuate over time based on changes in floating interest rates; however, these fair value amounts should not be viewed in isolation but rather in relation to the overall reduction in the Company's exposure to adverse fluctuations in floating interest rates. The fair value of the interest rate swap transaction is not reflected in the consolidated financial statements at December 31, 2000 as it properly qualified for hedge accounting treatment under applicable accounting guidance. The Company recorded the fair value of the interest rate swap transaction at January 1, 2001 which resulted in a reduction in consolidated stockholders' equity of approximately $910,000. During the six months ended June 30, 2001, the Company recognized a net loss of approximately $55,000 related to the ineffective portion of its hedging instrument. The amount of net gain related to the portion of the hedging instrument excluded from the assessment of hedge effectiveness during the six months ended June 30, 2001 was not material.

The Company has no plans to terminate the Agreement earlier than the maturity date. The Company is exposed to credit loss in the event of nonperformance by the counterparty to the Agreement. The amount of such exposure is limited to the unpaid portion of amounts due to the Company, if any, pursuant to the Agreement. However, management believes that this exposure is mitigated by provisions in the Agreement that allow for the legal right of offset of any amounts due to the Company from the counter party with any amounts payable to the counterparty by the Company. As a result, management considers the risk of counter party default to be minimal. At December 31,

13. INTEREST RATE SWAP (CONTINUED)

2000, the Company expects to reclassify approximately $423,000 of net losses on the derivative instrument from accumulated other comprehensive income to earnings during the next twelve months. The amount the Company expects to reclassify to earnings during the next twelve months as of June 30, 2001 was immaterial.

14. RELATED PARTY TRANSACTIONS

In connection with the July 29, 1999 CCS acquisition, Charterhouse Equity Partners III, L.P. (Charterhouse), a majority shareholder of the Company, received approximately $2,835,000 in transaction fees. In connection with the TravCorps merger on December 16, 1999, Charterhouse received approximately $288,000 in transaction fees. These transaction fees were capitalized in accordance with the purchase method of accounting.

15. DISCONTINUED OPERATIONS

On December 20, 2000, the Company committed itself to a formal plan to dispose of its wholly-owned subsidiary, HospitalHub, through a sale or liquidation of the business segment. Pursuant to APB Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS-REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS, the consolidated financial statements of the Company have been reclassified to reflect the discontinuance of HospitalHub. Accordingly, the revenue, costs and expenses, assets and liabilities of HospitalHub have been segregated and reported as discontinued operations in the accompanying consolidated balance sheets and statements of operations. The divestiture was completed in the second quarter of 2001.

16. SEGMENT INFORMATION

The Company has two reportable operating segments: healthcare staffing and other human capital management services. The healthcare staffing operating segment includes travel staffing, clinical research and trials staffing and per diem staffing and it reflects management's approach to operating the business. This segment provides temporary staffing services of healthcare professionals primarily to hospitals, laboratories, and pharmaceutical and biotechnology companies. The other human capital management services segment includes the combined results of our education and training, healthcare consulting services, physician search and resource management services.

The Company's management evaluates performance of each segment primarily based on revenues and contribution income (which is defined as earnings before interest, taxes, depreciation, amortization and corporate expenses not specifically identified to a reported segment (EBITDA)). The Company's management does not evaluate, manage or measure performance of segments using asset information, accordingly, asset information by segment is not prepared or disclosed. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see note 1). The information in the following table is derived directly from the segments' internal financial reporting used for corporate management purposes. Certain corporate expenses are not allocated to and/or among the operating segments.

16. SEGMENT INFORMATION (CONTINUED)

Information on operating segments and a reconciliation to income before income taxes, discontinued operation for the periods indicated are as follows:

	SIX MONTHS ENDED DECEMBER 31, 1999	PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 2000	YEAR ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 2001
Revenue from unaffiliated customers:				
Healthcare staffing	$85,594,847	$350,856,054	$169,670,149	$205,752,322
Other human capital management services	2,132,372	16,833,848	7,979,770	16,954,163
	$87,727,219	$367,689,902	$177,649,919	$222,706,485
Contribution (expense) income:				
Healthcare staffing	$15,517,594	$ 61,894,291	$ 29,793,624	$ 29,576,322
Other human capital management services	(94,852)	4,290,020	2,174,327	3,994,590
Unallocated corporate overhead	5,500,107	21,049,192		

10,881,851 10,336,033 ----------
------------ ------------ -------

EBITDA.....
$ 9,922,635 $ 45,135,119 $
21,086,100 $ 23,234,879
========== ==========
========== ==========
Interest expense,
net..... $ 4,821,302 $
15,435,236 $ 7,737,900 $
8,531,663 Depreciation and
amortization..... 4,576,167
15,024,781 7,927,286 8,658,599
Nonrecurring indirect transaction
costs.....
1,289,217 432,600 Other
expenses..... ----
------- ------------ ------------
------------ Income before income
taxes and discontinued
operations..... $ 525,166 $
13,385,885 $ 4,988,314 $
6,044,617 ==========
========== ==========
==========

Contribution income is computed by the Company as operating income, less unallocated corporate overhead. Contribution income is not a measure of financial performance under generally accepted accounting principles and is only used by management when assessing segment performance.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Partners of
Cross Country Staffing (a Partnership):

In our opinion, the accompanying balance sheets and the related statements of income and partners' capital and of cash flows present fairly, in all material respects, the financial position of Cross Country Staffing (a Partnership) at July 29, 1999 and December 31, 1998, and the results of its operations and its cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the financial statments, Cross Country Staffing's assets were sold on July 29, 1999. The amounts included in the financial statements pursuant to the Management Incentive Compensation Plan give no effect to the additional amount payable as determined by the change in control transaction as further discussed in Note 5 to the financial statements.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
November 5, 1999, except for Note 8 as to which the date is December 16, 1999

CROSS COUNTRY STAFFING

BALANCE SHEETS

JULY 29, DECEMBER 31, 1999 1998 ----------- --------------
ASSETS Current assets:
Cash..... $
-- $ 110 Accounts receivable, less allowance for doubtful
accounts (1999-$1,158,039; 1998-$1,327,983).....
31,494,858 28,794,335 Other current
assets..... 3,255,994
2,886,333 ----------- ----------- Total current
assets..... 34,750,852
31,680,778 Fixed assets, net of accumulated depreciation
(1999-$842,971; 1998-$630,848).....
1,208,713 1,219,319 Goodwill, net of accumulated
amortization (1999-$7,261,467;
1998-$6,809,880).....

8,365,716 8,817,303 Other assets.....
138,852 183,817 ---------- ---------- Total assets.....
$44,464,133 $41,901,217 ========== ========== LIABILITIES AND PARTNERS' CAPITAL Current liabilities: Short-term debt..... $ 7,874,004 $ 3,533,039 Accounts payable..... 2,329,396 3,446,433 Accrued employee compensation and benefits..... 7,256,162 5,515,526 Accrued distribution payable..... -- 5,645,354 Accrued interest payable..... 19,443 23,926 Accrued management incentive compensation..... 6,940,000 -- Other current liabilities..... 579,473 645,612 ---------- ---------- Total current liabilities..... 24,998,478 18,809,890 Debt.....
-- 4,800,000 Accrued management incentive compensation plan..... -- 4,840,000 ---------- ---------- Total liabilities.....
24,998,478 28,449,890 Commitments and contingencies (Note 7) Partners' capital.....
19,465,655 13,451,327 ---------- ---------- Total liabilities and partners' capital.....
$44,464,133 $41,901,217 ========== ==========

The accompaying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING

STATEMENTS OF INCOME AND PARTNERS' CAPITAL

PERIOD ENDED PERIOD ENDED JULY 29, DECEMBER 31, 1999 1998 ---------- ----------
Revenue.....
$106,046,826 $158,591,804 ---------- ----------
Operating expenses: Compensation and benefits..... 80,186,753 121,950,872 Selling, general and administrative expenses..... 10,587,604 16,377,419 Management incentive compensation plan..... 2,100,000 2,693,001 Bad debt expense..... 156,772 721,510 Depreciation.....
212,123 264,026 Amortization.....
496,551 859,159 ---------- ---------- Total operating expenses..... 93,739,803 142,865,987 ---------- ---------- Operating income.....
12,307,023 15,725,817 Other income (expense): Interest income..... 62,026 48,423 Interest expense..... (292,642) (897,606) Other.....
(189,858) (183,435) ---------- ---------- Net income.....
11,886,549 14,693,199 Partners' capital at beginning of year..... 13,451,327 7,122,155 Distributions to partners..... (5,872,221) (8,364,027) ---------- ---------- Partners' capital at end of period..... $ 19,465,655 $ 13,451,327 ========== ========== Pro Forma net income data Net income as reported..... $ 11,886,549 $ 14,693,199 Pro Forma adjustment for income taxes..... (5,824,409) (7,199,668) -------- ---- ---------- Pro Forma net income..... $ 6,062,140 $ 7,493,531 ========== ==========

The accompanying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING

STATEMENTS OF CASH FLOWS

JULY 29, 1999	DECEMBER 31, 1998
Cash flows from operating activities: Net income	
$ 11,886,549	$ 14,693,199
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization	708,674
1,123,185	Provision for management incentive compensation plan	2,100,000	2,693,001
Changes in operating assets and liabilities: Increase in net accounts receivable	(2,700,523)
(5,690,790)	Increase in other current assets	(369,661)	(507,668)
Decrease in other assets	--	230,000
(Decrease) increase in accounts payable	(1,117,037)	1,202,369
Increase in accrued employee compensation and benefits	1,740,636	792,962
Decrease in accrued interest payable	(4,483)	(57,534)
Decrease in other current liabilities	(66,139)	(44,409)
Net cash provided by operating activities	12,178,016	14,434,315
Cash flows from investing activities: Net purchases of equipment	(201,516)
(976,672)	Net cash used in investing activities	(201,516)
(976,672)	Cash flows from financing activities: Net repayment of debt	(459,035)
(10,366,961)	Distributions to partners	(11,517,575)
(3,091,365)	Net cash used in financing activities	(11,976,610)
(13,458,326)	Net decrease in cash	(110)	(683)
Cash at beginning of year	110	793
Cash at end of year	$ --	$ 110
Supplemental disclosure of cash flow information: Amounts paid during the period for interest	$ 293,857	$ 955,140

The accompanying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING (A PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIODS ENDED JULY 29, 1999 AND DECEMBER 31, 1998

1. ORGANIZATION AND BASIS OF PRESENTATION

On July 1, 1996, Cross Country Staffing (CCS or the Partnership), a Delaware general partnership, was established through a Joint Venture Agreement (Agreement) between CCHP, Inc. (CCHP) and MRA Staffing Systems, Inc. (MRA), with ownership percentages of 64% and 36%, respectively. CCHP is a 94% owned subsidiary of W. R. Grace & Co.-Conn., a Connecticut corporation (Grace). Prior to the transaction on July 28, 1999 described below, MRA was a wholly owned subsidiary of Nestor Healthcare Group plc (Nestor), a public company registered in the U.K.

CCHP and MRA (the Partners) were each engaged in the business of providing nurses and other allied health personnel primarily on a contract basis. The Partnership recorded the assets and assumed the liabilities, as defined in the Agreement, of its Partners. Assets and liabilities contributed by the Partners to the joint venture were recorded at predecessor basis. In addition to the recorded assets and liabilities, the Partners contributed the value of their businesses, which included certain unrecorded intangible assets primarily related to proprietary databases and contracts.

On July 28, 1999, Grace purchased Nestor's ownership interest in MRA. On July 29, 1999, the assets of CCS were sold (the "Sale") to Cross Country Staffing, Inc. (the "Buyer"), an unrelated entity and affiliate of Charterhouse Group International, Inc. The amounts included in these Financial Statements give no effect to the Sale, including the repayment of outstanding bank debt and liquidation of the Management Incentive Compensation Plan liability. See Notes 4

and 5 for further detail.

CCS is engaged in the business of providing staffing and placement of healthcare and other professionals throughout the United States and its territories.

2. ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FIXED ASSETS

Fixed assets include office furniture, business machines and leasehold improvements which are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets of five years.

RESERVES FOR CLAIMS

Workers' compensation and health care benefits are provided under partially self-insured plans. CCS records its estimate of the ultimate cost of, and reserves for, workers' compensation and health care benefits based on actuarial computations using its loss history as well as industry statistics. Furthermore, in determining its reserves, CCS includes reserves for estimated claims incurred but not reported.

2. ACCOUNTING POLICIES (CONTINUED)

The ultimate cost of workers' compensation and health care benefits will depend on actual costs incurred in settling the claims and may differ from the amounts reserved by CCS for those claims. Accruals for workers' compensation claims and health care benefits are included in accrued employee compensation and benefits in the Balance Sheet.

GOODWILL

Goodwill contributed by one of the Partners at inception is amortized using the straight-line method over its estimated useful life of 14 years (approximately 11 years remaining at July 29, 1999). CCS assesses the recoverability of goodwill whenever adverse events or changes in circumstance or business climate indicate that expected future undiscounted cash flows are not sufficient to support the carrying value. At July 29, 1999 and December 31, 1998 the Partnership believes that no impairment of goodwill exists.

DEFERRED DEBT ISSUE COSTS

Deferred costs related to the issuance of debt are amortized on a straight-line basis over the five year term of the debt. At July 29, 1999 and December 31, 1998 costs of $389,000 less accumulated amortization of $250,148 and $205,183, respectively, are recorded as other assets in the Balance Sheet.

FAIR VALUE OF FINANCIAL INSTRUMENTS

At July 29, 1999 and December 31, 1998 the recorded value of cash, trade receivables and debt approximated their fair value, based on the maturities of these instruments and the terms of the individual debt agreements.

REVENUE RECOGNITION

Revenue is recognized when the service is performed. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At July 29, 1999 and December 31, 1998 the amounts accrued are $7,176,798 and $4,835,971.

CONCENTRATIONS OF CREDIT RISK

CCS's clients are principally health care providers and accounts receivable represent amounts due from these providers. CCS performs ongoing credit evaluations of its clients' financial condition and does not require collateral. Overall, based on the large number of clients in differing geographic areas throughout the United States and its territories, CCS believes the concentration of credit risk is limited.

INCOME TAXES

CCS is not subject to federal taxation at the Partnership level as income is taxed directly to the Partners. Accordingly, a provision for income taxes has not been included in the financial statements.

The General Partnership Agreement (Partnership Agreement) provides for quarterly distributions to the Partners based on the Partnership's estimated taxable income for the year. Generally, it has been the practice of the Partnership to make such distributions based on actual tax liabilities of the

2. ACCOUNTING POLICIES (CONTINUED)

individual Partners. Currently, distributions are made at the request of the Partners up to the quarterly distribution amount provided for in the Partnership Agreement. A distribution payable was recorded to equalize the distributions based on the respective Partners' ownership percentages.

RECLASSIFICATIONS

Certain amounts in prior year financial statements and related notes have been reclassified to conform to current year's presentation.

3. OTHER BALANCE SHEET ITEMS

At July 29 and December 31, other current assets are composed of the following:

JULY 29, DECEMBER 31, 1999 1998 ---------- --------
---- Prepaid rent on employees'
apartments..... $1,907,276 $1,538,636
Deposits on employees' apartments, net of allowance
(1999-$299,246; 1998-$236,756).....
1,025,308 866,354
Other.....
323,410 481,343 ---------- ---------- $3,255,994
$2,886,333 ========== ==========

CCS leases a number of apartments for its employees under short-term agreements (typically three to six months) which generally coincide with each employee's staffing contract. As a condition of those agreements, CCS places security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term agreements.

At July 29 and December 31, accrued employee compensation and benefits is composed of the following:

JULY 29, DECEMBER 31, 1999 1998 ---------- --------

Salaries.....
$2,984,990 $1,947,117
Bonus.....
2,152,918 2,070,759 Accrual for workers'
compensation claims..... 1,596,170 1,148,849
Accrual for health care
benefits..... 345,500 206,033
Accrual for
vacation..... 176,584
142,768 ---------- ---------- $7,256,162 $5,515,526
========== ==========

4. DEBT

On July 30, 1999, CCS repaid all of its long-term debt, which consists of the Term Note and Revolving Loan Facility. Accordingly, they have been classified as short-term at July 29, 1999. At July 29 and December 31, short-term debt is composed of the following:

JULY 29, DECEMBER 31, 1999 1998 ---------- ---
--------- Current maturities of long-term
debt..... $7,850,000 $3,500,000
Note

payable.....
24,004 33,039 ---------- ---------- $7,874,004
$3,533,039 ========== ==========

At July 29 and December 31, long-term debt is composed of the following:

JULY 29, DECEMBER 31, 1999 1998 ---------- ----
-------- Term Loan, interest at the Eurodollar
rate plus 0.325%, or the greater of the prime or
Federal Funds effective rate plus 0.5% (5.535%
and 5.955%, at July 29, 1999 and December 31,
1998,
respectively).....
$ 3,800,000 $ 3,500,000 Revolving Loan Facility,
interest at the Eurodollar rate plus 0.325%, or
the greater of the prime or Federal Funds
effective rate plus 0.5% (8.0% and 5.955%, at
July 29, 1999 and December 31,1998,
respectively).....
4,050,000 4,800,000 ---------- ----------
7,850,000 8,300,000 (7,850,000) (3,500,000) ----
------- ---------- $ -- $ 4,800,000 ==========
==========

Grace acts as guarantor of the Term Note and Revolving Loan Facility and, as such, is paid a monthly fee based on the average outstanding balance. For the periods ended July 29, 1999 and December 31, 1998 this fee was 0.025% per month. For the periods ended July 29, 1999 and December 31, 1998 total fees in relation to this guarantee were $13,398 and $47,663, respectively. Of these total fees, which are recorded as interest expense, $9,229 and $18,243 were recorded as accrued interest payable at July 29, 1999 and December 31, 1998, respectively.

5. MANAGEMENT INCENTIVE COMPENSATION PLAN

The CCS Management Incentive Compensation Plan (the Plan) is a performance-based compensation plan for key personnel of the Partnership. The Plan authorizes the award of percentage interests in an incentive pool based on the achievement of certain performance objectives. The percentage interests vest over a period of either three or five years or, in the case of a Liquidity Event as defined in the Plan, vesting occurs immediately.

5. MANAGEMENT INCENTIVE COMPENSATION PLAN (CONTINUED)

The Plan also authorized an immediate percentage award to certain key executives based on Partnership equity value at inception, as defined by the Plan. Incremental increases in the amount of this award may occur based on increases in the value of the Partnership equity. The amount charged to income for the award and the incremental increase in equity value was $319,000 and $409,000 for the periods ended July 29, 1999 and December 31, 1998, respectively.

In accordance with the terms of the Plan, cash payments are made at the earlier of occurrence of a Liquidity Event or July 1, 2001. The occurrence of a Liquidity Event also provides for a revised award computation. The Sale of CCS assets on July 29, 1999 constituted a Liquidity Event and as such, a liquidation cash payment was triggered. Grace used a portion of the Sale proceeds for such liquidation payment totaling approximately $20,200,000.

6. PARTNERS' CAPITAL (DEFICIT)

Partners' capital accounts are as follows:

CCHP MRA TOTAL ------------ ------------ ------
----- December 31,
1997.....
$(12,234,662) $ 19,356,817 $ 7,122,155 1998
distributions paid and
payable..... (5,352,977)
(3,011,050) (8,364,027) 1998 net
income.....
9,403,647 5,289,552 14,693,199 ------------ ---
--------- ----------- December 31,
1998.....
(8,183,992) 21,635,319 13,451,327 1999
distributions.....
(3,757,272) (2,114,949) (5,872,221) 1999 net
income.....
7,607,391 4,279,158 11,886,549 ------------ ---
--------- ----------- July 29,

1999..... $
(4,333,873) $ 23,799,528 $19,465,655
========== ========== ==========

At December 31, 1998, accrued distributions payable of $5,645,354 relate to CCHP.

7. COMMITMENTS AND CONTINGENCIES

CCS is involved in a dispute with the Internal Revenue Service (IRS) with respect to the IRS Examination of the 1993-1995 treatment of per diem plan allowances for meals and incidental expenses paid to CCHP health care personnel who were performing temporary services while away from home. Under the terms of the Sale, Grace has assumed ongoing responsibility for any settlement or related litigation liability.

In connection with the Partnership's partially self-insured workers' compensation plan, the Partnership has outstanding at July 29, 1999 a $943,594 standby letter of credit in order to guarantee the payment of workers' compensation claims to the Partnership's insurance carrier.

CCS entered into an agreement to lease office space for the next 10 years beginning in February 1998. In accordance with the Sale, CCS assigned the office lease agreement to the Buyer.

Rent expense related to office facilities for the periods ended July 29, 1999 and December 31, 1998 was approximately $250,000 and $269,000, respectively.

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

8. SUBSEQUENT EVENTS

As referred to in Note 1, the assets of CCS were sold to Cross Country Staffing, Inc. on July 29, 1999.

On November 12, 1999 Cross Country Staffing, Inc. and TravCorps Corporation announced their intention to merge operations. The combined company will be owned by an affiliate of Charterhouse Group International, Inc., certain investment funds managed by Morgan Stanley Private Equity and management. The transaction was consummated on December 16, 1999.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
TravCorps Corporation and Subsidiary:

We have audited the accompanying consolidated balance sheet of TravCorps Corporation and subsidiary (the "Company") as of December 15, 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for the period from December 27, 1998 to December 15, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements for the year ended December 26, 1998 were audited by other auditors whose report, dated March 12, 1999, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TravCorps Corporation and subsidiary as of December 15, 1999, and the results of their operations and their cash flows for the period from December 27, 1998 to December 15, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
March 10, 2000

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
TravCorps Corporation and Subsidiary:

We have audited the accompanying consolidated balance sheet of TravCorps Corporation and Subsidiary as of December 26, 1998, and the related consolidated statement of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies as of December 26, 1998, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 12, 1999

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 15, 1999 AND DECEMBER 26, 1998

ASSETS

1999	1998
CURRENT ASSETS: Cash and cash equivalents	$ 3,594,666
$ 1,852,578 Accounts receivable, less allowance for doubtful accounts of $657,000 and $397,000 in 1999 and 1998, respectively	17,386,009
15,309,000 Prepaid rent	488,008
862,968 Prepaid expenses and other	215,396
784,979 Deferred income taxes	1,355,300
579,600 Total current assets	23,039,379
19,389,125 PROPERTY AND EQUIPMENT: Computer and software equipment	6,331,352
4,777,795 Office equipment	239,719
225,244 Furniture and fixtures	373,762
371,457 Leasehold improvements	340,142
131,166 Total property and equipment	7,284,975
5,505,662 Less accumulated depreciation and amortization	(2,801,089)
(1,628,152) Property and equipment--net	4,483,886
3,877,510 DEPOSITS	470,665
627,043 DEFERRED FINANCING COSTS--NET	3,327,326
19,556 GOODWILL--NET	11,181,605
11,732,578 TOTAL	$42,502,861
$35,645,812	

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 15, 1999 AND DECEMBER 26, 1998

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY

1999	1998
CURRENT LIABILITIES:	
Accounts payable	$ 2,826,601
$ 2,956,273	Accrued expenses
2,127,221	2,660,644
Accrued payroll and withholdings	1,933,697
2,262,534	Accrued incentive compensation
2,670,960	2,321,544
Current maturities of long-term obligations	36,273
163,742	Total current liabilities
9,594,752	10,364,737
DEFERRED INCOME TAXES	1,235,538
929,800	LONG-TERM OBLIGATIONS
45,000,000	12,675,649
STOCKHOLDERS' (DEFICIT) EQUITY: Convertible preferred stock, $.01 par value per share--1,020,000 shares authorized, issued and outstanding (liquidation preference $0 and $3,804,750 in 1999 and 1998, respectively)	--
2,869,229	Common stock, $.01 par value per share--1,774,385 shares authorized; 2,984,171 shares and 614,011 shares issued in 1999 and 1998, respectively; 2,984,171 shares and 476,291 shares outstanding in 1999 and 1998, respectively
29,842	6,139
Treasury stock	
(73,576,703)	(1,377)
Additional paid-in capital	54,110,662
667,183	Retained earnings
6,108,770	8,134,452
Total stockholders' (deficit) equity	
(13,327,429)	11,675,626
TOTAL	
$42,502,861	$35,645,812

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

1999	1998
REVENUES	
$112,795,230	$99,604,430
DIRECT COSTS AND EXPENSES: Professional salaries and wages	58,137,810
50,660,556	Other professional expenses
15,972,698	17,475,730
Total direct costs and expenses	74,110,508
68,136,286	GROSS PROFIT
38,684,722	31,468,144
OPERATING EXPENSES: Selling, general and administrative expenses (includes nonrecurring transaction costs of $4,556,904 in 1999)	35,431,054
21,282,325	Depreciation and amortization
1,886,017	1,225,676
Total operating expenses	37,317,071
22,508,001	INCOME FROM OPERATIONS
1,367,651	8,960,143
INTEREST EXPENSE	
2,790,948	880,992
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(1,423,297)
8,079,151	PROVISION FOR INCOME TAXES
580,134	3,349,400
NET (LOSS) INCOME	$
(2,003,431)	$ 4,729,751

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY SHARES	TREASURY AMOUNT	TOTAL STOCKHOLDERS' (DEFICIT) EQUITY
	SHARES	AMOUNT	SHARES	AMOUNT				
BALANCE, DECEMBER 27, 1997	1,020,000	$2,779,979	527,674	$ 5,276	$ (1,377)	$ 181	$3,493,951	
Stock options exercised	--	--	16,337	163	--	2,702	--	Accretion of preferred stock dividends
--	89,250	--	--	--	--	(89,250)		Purchase of treasury stock
--	--	--	--	--	(190,000)	--	--	Issuance of stock in connection with acquisition
--	--	70,000	700	190,000	664,300	--	--	Net income
--	--	--	--	--	4,729,751			
BALANCE, DECEMBER 26, 1998	1,020,000	2,869,229	614,011	6,139	(1,377)	667,183	8,134,452	
Stock options exercised	--	--	305,470	3,056	--	2,023,590	--	Accretion of preferred stock dividends
--	22,251	--	--	--	--	(22,251)		Conversion of preferred stock
(1,020,000)	(2,550,000)	1,020,000	10,200	--	2,539,800	--		Distribution of preferred stock dividends
--	(341,480)	--	--	--	(2,550,000)			
--	Purchase of treasury stock	--	--	--	--			
(73,575,326)	--	--	Issuance of common stock	--	--			
1,044,690	10,447	--	51,430,089	--				
Net income (loss)	--	--	--	--	(2,003,431)			
BALANCE, DECEMBER 15, 1999	--	$ --	2,984,171	$ 29,842	$(73,576,703)	$54,110,662	$6,108,770	
TOTAL	BALANCE, DECEMBER 27, 1997	$ 6,278,010						
Stock options exercised	2,865							
Accretion of preferred stock dividends								
--	Purchase of treasury stock	(190,000)						
Issuance of stock in connection with acquisition	855,000							
Net income	4,729,751							
BALANCE, DECEMBER 26, 1998	11,675,626							
Stock options exercised	2,026,646							

Accretion of preferred stock dividends..... -- Conversion of preferred stock..... -- Distribution of preferred stock dividends..... (2,891,480) Purchase of treasury stock..... (73,575,326) Issuance of common stock..... 51,440,536 Net income (loss)..... (2,003,431) ---------- BALANCE, DECEMBER 15, 1999..... $(13,327,429) ==========

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999 AND THE YEAR ENDED DECEMBER 26, 1998

1999 1998 ---------- ---------- CASH FLOWS FROM OPERATING ACTIVITIES: Net (loss) income..... $ (2,003,431) $ 4,729,751 Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities: Depreciation..... 1,108,346 781,569 Amortization..... 739,073 444,107 Increase (decrease) in cash from changes in: Accounts receivable..... (2,077,009) (1,814,191) Income tax receivable..... (1,817,733) -- Prepaid rent..... 374,959 (48,326) Prepaid expenses and other..... 569,582 (77,956) Other assets..... -- (2,202) Deferred income taxes..... (469,962) 424,300 Accounts payable and accrued expenses..... (653,337) 1,534,809 Accrued payroll withholdings and incentive compensation..... 20,578 1,051,983 ---------- ---------- Cash provided by (used in) operating activities..... (4,208,934) 7,023,844 ---------- ---------- CASH FLOWS FROM INVESTING ACTIVITIES: Acquisition of Cejka, net of cash acquired..... -- (11,970,454) Purchase of property and equipment..... (1,779,340) (1,888,705) Increase in deposits..... 156,378 (133,495) ---------- ---------- Cash used in investing activities..... (1,622,962) (13,992,654) ---------- ---------- CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from issuance of common stock..... 53,136,887 2,865 Redemption of preferred stock..... (2,569,927) -- Repurchase of common stock..... (73,576,312) (190,000) Net borrowings under revolving credit agreement..... 32,335,500 8,184,500 Deferred financing charges..... (1,613,546) -- Principal payments on capital leases..... -- (227,445) Principal payments on other long-term obligations..... (138,618) (17,936) ---------- ---------- Cash provided by financing activities..... 7,573,984 7,751,984 ---------- ---------- INCREASE IN CASH AND CASH EQUIVALENTS..... 1,742,088 783,174 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR..... 1,852,578 1,069,404 ---------- ---------- CASH AND CASH EQUIVALENTS, END OF YEAR..... $ 3,594,666 $ 1,852,578 ========== ========== SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION-- Cash paid during the year for: Interest..... $ 2,857,017 $ 1,028,270 ========== ==========

Income

taxes..... $ 3,011,490 $ 2,271,687 ========== ========== SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS - Stock issued in connection with the Cejka acquisition..... $ -- $ 855,000 ========== ==========

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

1. NATURE OF BUSINESS

TravCorps Corporation ("TravCorps") and its wholly-owned subsidiary, Cejka & Company ("Cejka") (collectively, the "Company") provide flexible staffing, search, consulting and related outsourced services to health care providers throughout the United States. The Company's fiscal year typically ends on the last Saturday in December.

On December 16, 1999, the Company merged with Cross Country Staffing, Inc. ("CCS") (see Note 9). These financial statements are presented on a going concern basis and do not reflect any effects on the financial statements resulting from the merger with CCS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION--The Company recognizes revenue from temporary staffing services as services are rendered based on hours worked by the assigned health care professionals. Retainer fees earned for search and related outsourced services are recognized over the contract term. Placement revenues are recognized upon successful completion of the search assignment. Consulting revenues are recognized as services are rendered.

Revenues on permanent and temporary placements are recognized when services provided are substantially completed. The Company does not, in the ordinary course of business, make refunds. If a candidate leaves a permanent placement within a short period of time (i.e., one month) it is customary for us to seek a replacement at no additional cost. Allowances are established as considered necessary to estimate significant losses due to placed candidates not remaining employed for the Company's guarantee period. During 2000, 1999 and 1998, such replacements and refunds were not material and, accordingly, related allowances were not recorded.

PRINCIPLES OF CONSOLIDATION--The consolidated financial statements include the accounts of TravCorps Corporation and subsidiary. Upon consolidation, all material intercompany accounts and transactions are eliminated.

CASH AND CASH EQUIVALENTS--The Company considers all investments in highly liquid debt instruments with maturities of less than three months at the date of purchase to be cash and cash equivalents.

USE OF ESTIMATES--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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates included in the consolidated financial statements include allowances for uncollectible accounts and certain accrued expenses. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT--Property and equipment are recorded at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives (three to seven years) of the related assets. This caption also includes capitalized costs associated with the development of internal-use software (see below). Such costs include charges for consulting services and costs for personnel associated with programming, coding and testing such software. These costs are not depreciated until the related software is placed into service.

TRAVCORPS CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING FOR COMPUTER SOFTWARE COSTS--In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) No. 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED

FOR INTERNAL USE. SOP No. 98-1 delineated the types of costs that may be capitalized in connection with the development and installation of internal-use software. The Company historically has had accounting policies that are consistent with those specified in SOP No. 98-1. Accordingly, its implementation did not have a material impact on the consolidated financial statements.

IMPAIRMENT OF LONG-LIVED ASSETS--Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

GOODWILL--The excess of the purchase price of acquired companies over the fair value of net identifiable assets ("goodwill") at the date of acquisition are amortized on a straight-line basis over their estimated lives of twenty or twenty-five years. The Company periodically reviews goodwill to assess recoverability, based upon expectations of nondiscounted cash flows and operating income of the activities, that generated the goodwill balance. Impairments would be recognized in operating results if such expected cash flows were less than the carrying value of the related assets. No such impairments have been recorded through December 15, 1999.

DEFERRED FINANCING COSTS--Deferred financing costs represent commitment fees and other costs incurred relating to the refinancing of the Company's revolving credit agreement and are being amortized over the life of the agreement.

INCOME TAXES--Deferred income taxes are provided for differences in bases of the Company's assets and liabilities for book and tax purposes. Deferred income taxes are estimated using currently enacted tax rates.

CONCENTRATION OF CREDIT RISK--The Company extends credit to its customers on an unsecured basis and requires no collateral. However, credit control policies are in place to control the Company's exposure to potential uncollectible receivables.

STOCK-BASED COMPENSATION--The Company accounts for stock-based awards to employees using the intrinsic-value method.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS--The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. The carrying amount of the long-term obligations approximates fair value because the interest rate is tied to a quoted variable index.

3. ACQUISITION

On April 29, 1998, the Company acquired certain assets and assumed certain liabilities of Cejka, a company that provides permanent placement, consulting and related outsourced services for physicians and health care executives. The acquisition has been accounted for as a purchase and, accordingly, the results of Cejka are included in these consolidated financial statements from the date of acquisition.

3. ACQUISITION (CONTINUED)
The purchase and related acquisition costs aggregated $12,826,000 and were funded with the borrowing of $11,821,000 under the Company's revolving credit agreement and the issuance of 90,000 shares of Class A common stock valued at $855,000.

The consideration involved in the acquisition, after giving effect to liabilities assumed, has been allocated to the assets acquired based on their respective fair values as follows:

Assets:	
Cash and cash equivalents	$ 300
Accounts receivable	1,785,969
Prepaid rent	28,229
Deposits	11,396
Property and equipment	379,047
Goodwill	11,560,000
Assets acquired	13,764,941
Less assumed liabilities	939,187
Total consideration	$12,825,754

4. LONG-TERM OBLIGATIONS

Long-term obligations at December 15, 1999 and December 26, 1998 consist of the following:

1999	1998	
		Revolving Credit Agreement
	$45,000,000	
	$12,664,500	Capital lease obligations
36,273	174,891	
Total	45,036,273	12,839,391
Less current portion	36,273	163,742
Total long-term obligations	$45,000,000	$12,675,649

CREDIT AGREEMENT--At December 15, 1999, the Company has a revolving credit agreement with Chase Bank (the "Revolving Credit Agreement"), which provides for a term loan of $45 million, revolving loans of up to $10,000,000 and swingline loans up to $1,000,000, including letters of credit of up to $2,500,000, maturing May 14, 2005. Revolving loans under the Revolving Credit Agreement can be ABR loans or Eurodollar loans. Swingline loans must be ABR loans. Eurodollar rate loans must have a minimum principal balance of $1,000,000 and must be in integral multiples of $250,000. ABR Revolving loans must have a minimum principal balance of $250,000 and must be in integral multiples of $50,000. Swingline loans must have a minimum principal balance of $250,000 and must be in integral multiples of $50,000. Amounts outstanding under the term loan at December 15, 1999 totaled $45 million and are scheduled to be repaid with interest at 9.40% in quarterly installments of $250,000 from December 25, 1999 through March 2004 and $10,125,000 through May 2005. There were no Revolving or Swingline loans outstanding at December 15, 1999.

4. LONG-TERM OBLIGATIONS (CONTINUED)

ABR loans carry interest at the greatest of a) the Prime Rate, b) the Base CD Rate plus 1%, or c) the Federal Funds Effective Rate plus 1/2of 1%. Eurodollar loans carry interest at the LIBOR Rate for the interest period multiplied by b) the Statutory Reserve Rate. The interest on any ABR or Eurodollar loan is payable quarterly. The interest on any Swingline loan is payable on the principal due date.

Letters of credit amounting to $404,099 and $399,508 at December 15, 1999 and December 26, 1998, respectively, had been issued pursuant to the Company's workers' compensation insurance program.

The Agreement contains, among other things, restrictions on further indebtedness, asset sales, capital expenditures, payment of dividends, changes in the capital structure and changes in the ownership of the Company. The Agreement also has covenants which require the Company to maintain a minimum level of tangible net worth, achieve minimum levels of earnings before interest, taxes, depreciation and amortization, and achieve certain financial ratios, all as defined in the Agreement.

At December 26, 1998, the Company had a revolving credit agreement with Fleet Bank NA that carried terms similar to the Chase Bank agreement. The Fleet agreement did not include a term loan. The Fleet Bank agreement was terminated and replaced with the Chase Bank agreement in connection with the leveraged recapitalization discussed in Note 7.

CAPITAL LEASE OBLIGATIONS--The Company leases equipment under capital leases. The leases bear interest at rates ranging from 8.0% to 9.0% and expire in 2000. The Company intends to exercise its options to purchase the equipment.

5. COMMITMENTS AND CONTINGENCIES

OPERATING ACTIVITIES--The Company has entered into various operating leases for temporary housing of its professional medical personnel, with terms of up to twelve months. The Company also leases office space for its corporate activities. Future lease payments for office space pursuant to the leases total $736,088, $440,050, $449,188, $441,166 and $0 for the years ending December 2000, 2001, 2002, 2003 and 2004, respectively. Total lease expense was approximately $12,132,185 and $10,024,495 for the period December 27, 1998 to December 15, 1999 and the year ended December 26, 1998, respectively.

6. INCOME TAXES

The components of the provision for income taxes for the for the period December 26, 1998 to December 15, 1999 and the year ended December 26, 1998 are as follows:

	1999	1998
Current:		
Federal	$ 831,600	$2,141,800
State	189,200	783,300
	1,020,800	2,925,100
Deferred:		
Federal	(363,000)	310,700
State	(77,700)	113,600
	(440,700)	424,300
Total	$ 580,100	$3,349,400

The components of the deferred tax assets and liabilities at December 15, 1999 and December 26, 1998 are as follows:

	1999	1998
Deferred tax assets--current:		
Accrued incentive compensation	$ 971,700	$ 704,550
Accrued liabilities	223,900	337,650
Other	310,000	149,400
	1,505,600	1,191,600
Deferred tax liabilities--current--prepaid expenses	(150,300)	(612,000)
Net deferred tax assets--current	$1,355,300	$ 579,600
Deferred tax liabilities--noncurrent--depreciation	$1,235,538	$ 929,800

Difference between the provision for income taxes and income taxes computed using the U.S. federal income tax rate are primarily due to state taxes and expenses not deductible for income tax purposes.

7. STOCKHOLDERS' EQUITY

LEVERAGED RECAPITALIZATION--On May 14, 1999, in connection with a leveraged recapitalization transaction, the Company sold 1,044,690 of the Company's common shares to Morgan Stanley Dean Witter ("MSDW") and the Company redeemed 1,583,983 of its common shares. Immediately preceding the leveraged recapitalization, the Company's preferred shareholders converted 1,020,000 preferred shares into 1,020,000 common shares. The price for the redeemed shares was $76,869,925, which was paid in cash. After the transaction, MSDW owned 87.29% of the Company's outstanding common stock.

7. STOCKHOLDERS' EQUITY (CONTINUED)

The redemption was funded with $45,200,000 of new bank borrowings (see Note 4) and the proceeds from the sale of the common shares. These new borrowings and common share proceeds were also used to repay $11,081,000 of existing bank borrowings and to pay $4,036,000 of transaction expenses.

For financial accounting purposes, the transaction is treated as a leveraged recapitalization, whereby the assets are not revalued and the excess purchase price of the redeemed shares over the net book value of the shares reduces the Company's equity.

The characteristics of preferred and common stock of the Company prior to the recapitalization are described as follows:

PREFERRED STOCK--During 1995, the Company issued 1,020,000 shares of convertible preferred stock at $2.50 per share. All (but not less than all) of

the shares of convertible preferred stock were convertible at any time, at the option of the holders of the convertible preferred stock, into conversion units which consisted of one share of Class B common stock and one share of redeemable preferred stock for each share of convertible preferred stock tendered for conversion. In connection with the leveraged recapitalization described above, the holders of the convertible preferred stock elected to convert their preferred shares into Class B common shares only.

The holders of convertible preferred stock were entitled to elect three representatives to the Board. On all other matters, the holders of convertible preferred stock were entitled to vote, as a single class with the common stockholders, as if their convertible preferred stock had been converted into an equivalent number of shares of common stock.

The convertible preferred stock was entitled to cumulative dividends at the rate of 3.5% per year on the convertible base liquidation amount, as defined, of $2.50 per share. At December 15, 1999 and December 26, 1998, the cumulative preferred dividends in arrears totaled $0 and $319,229, respectively, as all cumulative preferred dividends were paid in connection with the leveraged recapitalization. No dividends could be paid to holders of common stock or Class B common stock until all cumulative preferred stock dividends were paid. Convertible preferred stock dividends became immediately payable upon the leveraged recapitalization.

COMMON STOCK--Common stock and Class B common stock are identical, except that the holders of common stock and Class B common stock, each voting as separate classes, are entitled to each elect two representatives to the Board. The Class B common stock is convertible into an equivalent number of shares of common stock immediately prior to the closing of an Extraordinary Transaction as defined. The leveraged recapitalization qualified as an Extraordinary Transaction and, accordingly, the Class B common shares were converted into common shares.

STOCK OPTIONS--The Company's 1995 Stock Option Plan (the "Plan") provides for the issuance of incentive stock options ("ISOs") and nonstatutory stock options ("NSOs") to officers, employees, directors, consultants and advisors for the purchase of up to 430,000 shares of common stock. The exercise price of ISOs may not be less than the fair market value of the Company's common stock on the date of grant and may not be less than 110% of such fair market value with respect to any ISOs granted to a participant who owns 10% or more of the Company's outstanding common stock. Options

7. STOCKHOLDERS' EQUITY (CONTINUED)
vest in installments over periods of up to seven years. Options granted must be exercised within ten years.

The Company applies the intrinsic value method to determine compensation cost associated with its plan. The Board has determined that the fair value of common stock approximates the exercise price at the time of the grant. Accordingly, no compensation costs have been recognized for its stock option plan. The difference between net (loss) income on a pro forma basis had compensation cost for the Company's plan been determined consistent with the fair value method described in SFAS No. 123, and reported net (loss) income is immaterial:

The following is a summary of stock option activity under the Plan:

WEIGHTED- AVERAGE EXERCISE PRICE PER SHARES	SHARE
---- --------- Outstanding at December 27, 1997 (25,935 exercisable at a weighted-average price of $0.20).....	216,673
$2.93 Granted (weighted-average fair value of $3.27).....	149,509
11.81 Forfeited.....	(12,310)
5.33 Exercised.....	(16,337)
0.18 -------- Outstanding at December 26, 1998 (51,307 exercisable at a weighted-average price of $2.83).....	337,535
6.91 Granted (weighted-average fair value of $25.00).....	14,725
25.00 Forfeited.....	(46,790)
13.98 Exercised.....	(305,470)
6.26 -------- Outstanding at December 15, 1999.....	0
========	

The fair value of each option grant was estimated on the date of grant using

an option pricing model with the following assumptions:

	1999	1998
Risk-free interest rate	4.75%	4.75%
Dividend yield	0.00%	0.00%
Expected life (years)	10.00	10.00

In connection with the merger with CCS (see Note 9), the options outstanding as of December 15, 1999 immediately vested and were exchanged for an equivalent number of shares in CCS.

RESTRICTION ON DIVIDENDS--Pursuant to the terms of the Company's Revolving Credit Agreement in effect at December 26, 1998 (see Note 4), the Company was precluded from declaring or paying any dividends on any of its preferred or common stock and was prohibited from repurchasing any of its outstanding preferred and common stock, except that up to $190,000 of common stock could have been repurchased annually from employees whose employment had ceased.

8. PROFIT-SHARING PLAN

TravCorps has a 401(k) defined contribution benefit plan (the "401(k) Plan") for eligible employees. Eligible employees may make pretax savings contributions to the 401(k) Plan of up to 15% of their earnings to a certain statutory limit. TravCorps matches employee contributions up to 1% of compensation. TravCorps contributed $97,000 and $93,000 to the 401(k) Plan during the period from December 27, 1998 to December 15, 1999 and the year ended December 26, 1998, respectively, and made a discretionary profit sharing contribution of approximately $86,000 during the year ended December 26, 1998. Cejka has a separate 401(k) defined contribution benefit plan (the "Cejka plan") for eligible employees. Eligible employees may make pretax savings contributions to the Cejka plan of up to 10% of their earnings to a statutory limit. Cejka matches 50% of the employee contributions up to 6% of compensation. Cejka contributed approximately $145,000 and $250,000 to the Cejka plan and a discretionary profit-sharing plan during the period December 27, 1998 to December 15, 1999 and year ended December 26, 1998, respectively.

9. SUBSEQUENT EVENT--MERGER WITH CROSS COUNTRY STAFFING, INC.

On December 16, 1999, the Company entered into a Plan of Merger with CCS, a company engaged in the business of providing temporary health care staffing services to acute and subacute care facilities nationwide. Pursuant to the Plan of Merger, all outstanding shares of the Company's common stock were exchanged for common stock in CCS. The fair value of the shares of CCS common stock issued to the stockholders of the Company, as determined by an independent valuation of the common stock in January 2000, was $32,102,000. In connection with the merger transaction, CCS assumed the Company's long-term obligation of $45,000,000. The merger was accounted for in the CCS consolidated financial statements as a purchase.

Upon consummation of the merger, certain computer information systems used by the Company were replaced with CCS systems resulting in a write down of computer and software equipment approximately $1.2 million. In addition, unamortized deferred financing costs approximately $1.6 million were written off in connection with CCS's assumption of the Company's long-term obligation. These asset write downs were accounted for in the purchase accounting as part of the merger. Accordingly, the effects of these write downs are not reflected in the accompanying financial statements.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cross Country, Inc.

We have audited the accompanying consolidated statements of assets acquired and liabilities assumed of ClinForce, Inc. ("ClinForce") as of December 31, 2000 and 1999 and the related consolidated statement of operating revenues and expenses for each of the two years in the period ended December 31, 2000. These statements are the responsibility of ClinForce's management. Our responsibility is to express an opinion on the statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements

are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying consolidated statements of assets acquired and liabilities assumed and the related consolidated statements of operating revenues and expenses were prepared for inclusion in the Registration Statement on Form S-1 of Cross Country, Inc. for purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 for the transaction between Cross Country, Inc. and ClinForce. The statements are not intended to be a complete presentation of the financial position of ClinForce.

In our opinion, the statements referred to above present fairly, in all material respects, the consolidated assets acquired and liabilities assumed of ClinForce at December 31, 2000 and 1999, and the operating revenues and expenses for each of the two years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST &YOUNG LLP

Raleigh, North Carolina

April 26, 2001

CLINFORCE, INC.

CONSOLIDATED STATEMENTS OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

DECEMBER 31 ---------- 2000 1999 ---------
-- ---------- ASSETS ACQUIRED Current assets:
Cash.....
$ -- $ 737,556 Accounts receivable, less allowance for doubtful accounts of $103,645 in 2000 and $0 in 1999..... 4,943,894 3,367,818 Prepaid expenses..... 25,201 4,290 Current deferred tax asset..... 108,877 -- Other current assets.....
1,999 68,961 ---------- ---------- Total current assets..... 5,079,971 4,178,625 Property and equipment, net of accumulated depreciation of $842,498 in 2000 and $707,356 in 1999..... 404,402 435,979 Goodwill, net of accumulated amortization of $2,119,322 in 2000 and $1,458,113 in 1999.....
11,073,812 11,735,021 Other assets.....
30,036 14,983 ---------- ---------- Total assets acquired.....
$16,588,221 $16,364,608 ========== ==========
LIABILITIES ASSUMED Current liabilities: Cash overdraft..... $ 248,801 $ -- Accounts payable..... 62,277 2,036 Income taxes payable..... 2,060,900 884,515 Accrued employee compensation and benefits..... 1,146,856 626,484 Other current liabilities..... 4,837 21,909
---------- ---------- Total current liabilities..... 3,523,671 1,534,944 ---------- ---------- Long-term deferred tax liability..... 354,998 195,435 ---
-------- ---------- Total liabilities assumed..... $ 3,878,669 $ 1,730,379 ========== ==========

See accompanying notes.

CLINFORCE, INC.

CONSOLIDATED STATEMENTS OF OPERATING REVENUES AND EXPENSES

YEAR ENDED DECEMBER 31 ---------- 2000
1999 ---------- ---------- Revenue from services.....
$28,895,276 $26,385,411 Operating expenses: Compensation and benefits..... 20,128,675
19,066,580 Selling, general and administrative

expenses	4,765,833	3,906,762	Bad debt expense
	110,000	--	Depreciation
	135,141	94,199	Amortization
	659,657	659,657	Total operating expenses
	25,799,306	23,727,198	Income from operations
	3,095,970	2,658,213	Income tax expense
	1,227,071	1,079,950	Income from operations after tax
	$ 1,868,899	$ 1,578,263	

See accompanying notes.

CLINFORCE, INC.

NOTES TO CONSOLIDATED STATEMENTS

DECEMBER 31, 2000

1. ORGANIZATION AND BASIS OF PRESENTATION

ClinForce, Inc. ("ClinForce" or the "Company") is in the business of recruiting and placing temporary and permanent clinical research professionals. The Company was a subsidiary of Edgewater Technology, Inc. (f/k/a Staffmark, Inc.), a publicly held company.

ClinForce, Inc. was founded in 1991 as Clinical Trial Support Services. In 1997, the Company acquired ClinForce in Morristown, New Jersey. In August 1996, the Company merged with four other regional companies to form Staffmark, Inc. (n/k/a Edgewater Technology, Inc.). In October 1996, Staffmark became a publicly traded company. In March 1998, ClinForce acquired Temporary Tech in North Carolina. On April 1, 1999, the Company changed its name to ClinForce, Inc. During 2000, the Company opened facilities in Ft. Myers, Boston, Philadelphia, and Cincinnati.

CFRC, Inc., a wholly-owned subsidiary of ClinForce, was established in fiscal year 1997. CFRC, Inc. was established primarily as an intellectual property company. The consolidated financial statements of ClinForce include the results of operations for CFRC, Inc.

On December 15, 2000, the ClinForce entered into a stock purchase agreement to be acquired by Cross Country, Inc. for approximately $31,000,000. The transaction was consummated on March 16, 2001 and met the accounting criteria of a purchase. The purchase price is subject to a post-closing adjustment based on changes in the net working capital of the acquired companies between October 31, 2000 and March 16, 2001.

The consolidated statements of assets acquired and liabilities assumed and related consolidated statements of operating revenues and expenses (the "statements") have been prepared solely to comply with the requirements of the Securities and Exchange Commission. These statements are not intended to be a complete presentation of the assets, liabilities, revenues and expenses of the Company because they do not include corporate allocated expenses that would have been incurred by the Company had it operated as a stand-alone business (see Note 2).

USE OF ESTIMATES

The preparation of the 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 statements and accompanying notes. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These statements are not indicative of the financial condition or results of operations of this business going forward because of the change in the business and the omission of various administrative expenses.

REVENUE RECOGNITION

Revenues consist primarily of billing for associates' time and permanent placement fees. Revenue is recognized upon completion of services.

Revenues on permanent and temporary placements are recognized when services provided are substantially completed. The Company does not, in the ordinary course of business, make refunds. If a candidate leaves a permanent placement within a short period of time (i.e., one month) it is customary

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

for us to seek a replacement at no additional cost. Allowances are established as considered necessary to estimate significant losses due to placed candidates not remaining employed for the Company's guarantee period. During 2000 and 1999, such replacements and refunds were not material and, accordingly, related allowances were not recorded.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk as defined by Financial Accounting Standards Board (FASB) Statement No. 105, DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK, consist principally of accounts receivable. The Company's customers are clinical research organizations ("CROs") and accounts receivable represent amounts due from these CROs. The Company performs ongoing credit evaluations of its customers' financial conditions and, generally, does not require collateral. Overall, based on the large number of customers in differing geographic areas throughout the United States and its territories, the Company believes the concentration of credit risk is limited. As of December 31, 2000, approximately 48% of the outstanding accounts receivable were due from four customers. As of December 31, 1999, approximately 70% of the outstanding accounts receivable were due from four customers.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which generally range from three to seven years. Leasehold improvements are depreciated over the lives of the related leases or the useful life of an individual lease, whichever is shorter.

CORPORATE ALLOCATIONS

Edgewater provided substantial services to the Company during 2000, Edgewater has traditionally charged the Company a management fee for tax planning services and information system services through corporate allocations which were generally based on a percent of sales. The amount of corporate allocations was dependent upon the total amount of anticipated allocable costs incurred by Edgewater less amounts charged as a specific cost or expense rather than by allocation. The amounts allocated for these services are not included in these statements because they are not necessarily indicative of amounts that would have been incurred by the Company had it operated on a stand-alone basis. Expenses relating to corporate advertising, accounting and legal services, officer salaries and other selling, general and administrative expenses were not allocated by Edgewater to ClinForce for internal financial statement purposes, and therefore, no amounts have been allocated for their services in the pro forma financial statements.

GOODWILL

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill associated with acquisitions in 1998 and 1997 is being amortized using the straight-line method over its estimated useful life of twenty years. In accordance with FASB Statement No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to net future cash flows expected to be generated from the asset. At December 31, 2000 and 1999, the Company believes that no impairment of goodwill exists.

ADVERTISING

The Company's advertising expense consists primarily of print media, online advertising and promotional material. Advertising costs are expensed as incurred and were approximately $16,539 and $16,759 for the years ended December 31, 2000 and 1999, respectively.

INCOME TAXES

The Company accounts for income taxes under FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. ClinForce has always been included in a consolidated return for United States federal tax reporting purposes. The income tax provision included in the statement of operating revenues and expenses was prepared as if the Company was a stand-alone entity.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

COMPREHENSIVE INCOME

The Company has adopted FASB Statement No.130, COMPREHENSIVE INCOME, which requires that an enterprise: (a) classify items of other comprehensive income by their nature in the financial statements; and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. The items of other comprehensive income that are typically required to be displayed are foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. There are no other components of comprehensive income or loss other than the Company's consolidated net income and net loss for the years ended December 31, 2000 and 1999, respectively.

IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No.133, as amended, is required to be adopted in years beginning after June 15, 2000. The Company plans to adopt the new statement effective January 1, 2001. Because of the Company's minimal use of derivatives, management does not anticipate the adoption of the new Statement will have a significant affect on earnings or the consolidated financial position of the Company.

3. PROPERTY AND EQUIPMENT

At December 31, property and equipment consist of the following:

2000	1999
Computer equipment	$ 268,657
$ 251,398	Computer software
161,853	131,014
Office equipment	118,721
118,722	Furniture and fixtures
558,968	556,770
Leasehold improvements	138,701
85,431	1,246,900
1,143,335	Less accumulated depreciation
(842,498)	(707,356)
$ 404,402	$ 435,979

4. ACCRUED COMPENSATION AND BENEFITS

At December 31, accrued employee compensation and benefits consist of the following:

2000	1999
Salaries	$ 305,446
$ 222,820	Bonuses
512,225	238,169
Accrual for payroll taxes	226,855
82,063	Accrual for vacation
102,330	83,432
$1,146,856	$ 626,484

5. COMMITMENTS AND CONTINGENCIES

The Company has entered into non-cancelable operating lease agreements for the rental of space. Future minimum lease payments associated with these agreements are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 412,214
2002	363,176
2003	365,844
2004	294,378
2005	35,352
Thereafter	23,712
	$1,494,676

Rent expense related to office facilities was approximately $355,161 and $244,536 for the years ended December 31, 2000 and 1999, respectively.

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

6. INCOME TAXES

The Company has always been included in a consolidated return for United States federal tax reporting purposes. The income tax expense and deferred income taxes were calculated based on income from operations, and therefore are not necessarily indicative of amounts that would have been incurred by the Company had it operated as a stand-alone entity. These calculations were prepared as if the Company filed on a separate return basis. Deferred income taxes from years prior to 1999 have not been calculated.

The components of the income tax expense (benefit) are as follows:

	2000	1999
Current	$1,176,385	$ 884,515
Deferred	50,686	195,435
	$1,227,071	$1,079,950

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

DECEMBER 31	2000	1999
Deferred tax assets: Accrued expenses	$ 67,953	$ --
Allowance for doubtful accounts	40,924	--
	108,877	--
Deferred tax liabilities: Goodwill amortization	(235,764)	(149,686)
Depreciation	(119,234)	(45,749)
Net deferred taxes	$ (246,121)	$ (195,435)

FASB Statement No. 109 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some of or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a valuation allowance at December 31, 2000 and 1999 is not necessary.

6. INCOME TAXES (CONTINUED)

The reconciliation of income tax computed at the U. S. federal statutory rate to income tax expense is as follows:

DECEMBER 31	2000	1999
Tax at U.S. statutory rate	$1,083,590	$ 930,375
State taxes, net of federal benefit	140,039	119,221
Non-deductible items	9,243	9,363
Other	(5,801)	20,791
	$1,079,950	$1,227,071

7. CASH FLOW INFORMATION (UNAUDITED)

Based on available information and management's best estimates, cash flows for the Company are as follows for the year ended December 31, 2000:

Provided by operating activities	2,092,075
Used in investing activities	(103,564)
Provided by financing activities	0

REPORT OF INDEPENDENT AUDITORS

To the Members of

Heritage Professional Education, LLC

We have audited the accompanying balance sheet of Heritage Professional Education, LLC as of December 25, 2000, and the related statements of income, members' deficit and cash flows for the period from January 1, 2000 through December 25, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heritage Professional Education, LLC at December 25, 2000, and the results of its operations and its cash flows for the period from January 1, 2000 through December 25, 2000, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Nashville, TN

August 10, 2001

HERITAGE PROFESSIONAL EDUCATION, LLC

BALANCE SHEET

DECEMBER 25, 2000

ASSETS	
Current assets:	
Cash and cash equivalents	$ 376,965
Accounts receivable, net of allowance for doubtful accounts of $131,081	118,155
Prepaid expenses and other current assets	55,896
Total current assets	551,016
Property and equipment:	

Furniture and fixtures	10,541
Computer equipment	50,035
	60,576
Less accumulated depreciation and amortization	(23,672)
	36,904
Other assets	3,226
Total assets	$ 591,146
LIABILITIES AND MEMBERS' DEFICIT	
Current liabilities:	
Accounts payable and accrued liabilities	$ 609,459
Accrued compensation	138,106
Deferred revenue	282,567
Total current liabilities	1,030,132
Members' deficit	(438,986)
Total liabilities and members' deficit	$ 591,146

See accompanying notes.

HERITAGE PROFESSIONAL EDUCATION, LLC

STATEMENT OF INCOME

FOR THE PERIOD FROM JANUARY 1, 2000

THROUGH DECEMBER 25, 2000

Revenue	$11,147,522
Operating costs and expenses:	
Cost of revenues	4,935,771
Selling, general and administrative expenses	4,562,912
Total operating costs and expenses	9,498,683
Net income	$ 1,648,839

See accompanying notes.

HERITAGE PROFESSIONAL EDUCATION, LLC

STATEMENT OF MEMBERS' DEFICIT

MEMBERS' DEFICIT ---------- Balance at January 1, 2000 $ (551,003) Net income 1,648,839 Capital distribution (1,536,822) ---------- Balance at December 25, 2000 $ (438,986)

See accompanying notes.

HERITAGE PROFESSIONAL EDUCATION, LLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 1, 2000

THROUGH DECEMBER 25, 2000

OPERATING ACTIVITIES:	
Net income	$1,648,839
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	11,259
Allowance for doubtful accounts	88,096

Changes in operating assets and liabilities:	
Accounts receivable	(186,358)
Prepaid expenses and other current assets	(55,792)
Accounts payable and accrued liabilities	285,668
Accrued compensation	115,142
Deferred revenue	21,258
Net cash provided operating activities	1,928,112
INVESTING ACTIVITIES:	
Purchase of property and equipment	(14,325)
Net cash used in investing activities	(14,325)
FINANCING ACTIVITIES:	
Distribution to members	(1,536,822)
Net cash used in financing activities	(1,536,822)
Net increase in cash and cash equivalents	376,965
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period	$ 376,965

See accompanying notes.

HERITAGE PROFESSIONAL EDUCATION, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 25, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Heritage Professional Education, LLC (the "Company") was organized on January 1, 1998 and is based in Nashville, Tennessee. The Company provides one day instructor-led seminars throughout the United States to meet the ongoing training and continuing education needs of the healthcare community. The Company has an infinite life unless terminated earlier in accordance with its Operating Agreement dated January 1, 1998.

RECOGNITION OF REVENUE

Revenue is recognized as the instructor-led seminars are performed and the related learning materials are delivered. The Company does not require collateral on trade receivables.

USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and such differences could be material to the financial statements.

CASH AND CASH EQUIVALENTS

The Company considers unrestricted, highly liquid investments with initial maturities of less than three months to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are stated on the basis of cost. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

	YEARS
Furniture and fixtures	7
Computer equipment	3-5

LONG-LIVED ASSETS

The Company accounts for long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which requires that companies consider whether events or changes in facts and circumstances, both internally and externally, may indicate that an impairment of long-lived assets held for use are present. Management periodically evaluates the carrying value of long-live assets, including property and equipment and intangible assets and has determined that there were no indications of

impairment as of December 25, 2000. Should there be an impairment in the future, the Company would recognize the amount of the impairment based on expected future cash flows from the impaired assets. The cash flow estimates that would be used would be based on management's best estimates, using appropriate and customary assumptions and projections at the time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED REVENUE

Deferred revenue represents amounts which have been billed and collected, but not yet recognized in revenue.

INCOME TAXES

The Company has elected to be treated as a partnership for federal income tax purposes. Accordingly, for federal income tax purposes, the members report their proportionate share of the Company's taxable income or loss on their respective tax returns; therefore, no provision for federal income taxes is included in the financial statements. Furthermore, because the Company's income is subject to individual self-employment taxes, the income is not subject to Tennessee income tax. As a result, no provision for state income taxes is included in the financial statements.

SHIPPING AND HANDLING COSTS

Shipping and handling costs are included in cost of revenues.

ADVERTISING

The Company expenses the costs of advertising as incurred. Advertising expense for the period from January 1, 2000 through December 25, 2000 was $3,246,358 and is included in selling, general and administrative expenses.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

CASH AND CASH EQUIVALENTS: The carrying amounts approximate the fair value because of the short-term maturity or short-term nature of such instruments.

ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND DEFERRED REVENUE: The carrying amounts approximate the fair value because of the short-term nature of such instruments.

2. MEMBERS' DEFICIT

The Operating Agreement requires that a separate capital account be maintained for each member. The respective capital account of each Member consists of the opening capital account, increased by additional capital contributions and share of profits transferred to capital by agreement between the members, and decreased by the share of the Company losses and distributions of capital. No member shall withdraw any part of his or her capital account without the consent of the majority in interest of all the members of the Company. If the capital account of a member becomes impaired, his or her share of the subsequent Company profits shall be first credited to his or her capital account until that account has been restored, before such profits are credited to his or her income accounts. Income tax depreciation shall be taken by each member based on the ratio that each member's capital account bears to the total sum of all capital accounts.

2. MEMBERS' DEFICIT (CONTINUED)

The net profits and losses of the Company are divided between the members in the same proportions as subsequent contributions to capital described above. A separate income account shall be maintained for each member. Company profits and losses shall be charged or credited to the separate income account for each member. If a member has no credit balance in his or her income account, losses shall be charged to his or her capital account.

Without the consent of a majority in interest of the members of the Company, no member shall receive any salary for services or other remuneration rendered to the Company. Withdrawals of income during each year shall be in amounts

agreed upon from time to time by the members. If a member has a debit balance in his or her income account, it shall be deemed a debit due to the Company payable quarterly upon the demand of any member.

3. PROFIT SHARING PLAN

The Company has a profit sharing plan (the "Plan"). Employees of the Company must have attained the age of 21 and have completed one year of service to be eligible to participate in the Plan. Under the provisions of the Plan, the Company may make discretionary contributions to the Plan. The Company contributed $9,725 during 2000.

4. LEASE COMMITMENTS

The Company leases its office facility in Nashville, Tennessee under an agreement that expires on December 31, 2002. The lease agreement contains a provision for escalating rent payments over the term of the lease. The Company accounts for this lease by recognizing the straight-line rent expense and adjusting the deferred rent expense liability for the difference between the straight-line rent expense and the amount of rent paid. Total rent expense under all operating leases was $39,710 in 2000. Future rental payment commitments at December 25, 2000 under the non-cancelable facility-operating lease with an initial term of one year or more, are as follows:

	OPERATING LEASES
2001	$40,916
2002	40,927
Thereafter	--
Total minimum lease payments	$81,843

5. SUBSEQUENT EVENTS

Effective December 26, 2000, Cross Country Seminars, a wholly-owned subsidiary of Cross Country, Inc., acquired substantially all of the assets and business of the Company. The Company received approximately $6,500,000 in cash. In addition, the asset purchase agreement provides for potential earnout payments of approximately $6,5000,000 based on adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) (as defined in the asset purchase agreement) of the business over a three-year period ending December 31, 2003.

Subsequent to December 25, 2000, the Company changed its name to Caney Fork Investments, LLP.

[Description of artwork: Depiction of patient and healthcare personnel]

Through and including , 2001 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

SHARES

CROSS COUNTRY, INC.

COMMON STOCK

P R O S P E C T U S

MERRILL LYNCH & CO.

SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LLC

SUNTRUST ROBINSON HUMPHREY

CIBC WORLD MARKETS

, 2001

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses expected to be incurred in connection with the issuance and distribution of common stock registered hereby, all of which expenses, except for the Securities and Exchange Commission registrant fee, the National Association of Securities Dealers, Inc. filing fee, and the Nasdaq National Market listing application fee, are estimated.

Securities and Exchange Commission registration fee.....	$ 38,142
National Association of Securities Dealers, Inc. filing fee.....	15,774
Nasdaq National Market listing application fee.....	*
Printing and engraving fees and expenses.....	*
Legal fees and expenses.....	600,000
Accounting fees and expenses.....	*
Blue Sky fees and expenses.....	*
Transfer Agent and Registrar fees and expenses.....	*
Miscellaneous expenses.....	*
Total.....	$1,500,000

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 102 of the General Corporation Law of Delaware allows a corporation to limit a director's personal liability to the corporation or its stockholders from monetary damages for breach of fiduciary duty as a director, with certain exceptions. The Company's Certificate of Incorporation, as amended, provides such limitation to the fullest extent permitted by the General Corporation Law of Delaware.

Section 145 of the General Corporation Law of Delaware permits a corporation, subject to the standards set forth therein, to indemnify any person in connection with any action, suit or proceeding brought or threatened by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving as such with respect to another entity at the request of the corporation. The Company's Certificate of Incorporation, as amended, and the Company's By-Laws, as amended, provide for full indemnification of its directors and officers to the extent permitted by Section 145.

Our amended and restated certificate of incorporation limits the liability of our directors to us and our stockholders to the fullest extent permitted by Delaware law. Specifically, our directors will not be personally liable for money damages for breach of fiduciary duty as a director, except for liability

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law, which concerns unlawful payments of dividends, stock purchases, or redemptions; and
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated by-laws will also contain provisions indemnifying our directors and officers to the fullest extent permitted by Delaware law. The indemnification permitted under Delaware law is not exclusive of any other rights to which such persons may be entitled.

In addition, we maintain insurance on behalf of our directors and officers insuring them against liabilities asserted against them in their capacities as directors or officers or arising out of such status, except when we have directly indemnified the directors and officers.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since its inception, Cross Country has issued and sold the following securities:

On July 29, 1999, we issued and sold 2,040,503 shares of Common Stock to Charterhouse Equity Partners III, L.P. and CHEF Nominees, Ltd. for gross proceeds of $71.8 million.

On July 29, 1999, in connection with our acquisition of substantially all the assets of Cross Country Staffing, we issued 170,445 shares of Common Stock to Cross Country Staffing.

On July 29, 1999, pursuant to an Amended and Restated Subscription and Stockholders Agreement, we issued to Joseph Boshart, Emil Hensel, Jonathan Ward and Vickie Anenberg an aggregate of 49,716 shares of Common Stock for gross proceeds of $1.8 million.

On July 29, 1999, we issued 65,527 shares of Common Stock to The Northwestern Mutual Life Insurance Company in connection with its purchase of $10.0 million of our 12% Senior Subordinated Pay-in-Kind Notes, due on January 1, 2006.

On July 29, 1999, we issued 131,053 shares of Common Stock to DB Capital Investors in connection with the purchase by BT Investment Partners of $20.0 million of our 12% Senior Subordinated Pay-in-Kind Notes, due on January 1, 2006.

On December 9, 1999, we granted to certain of our and our subsidiaries' employees an aggregate of 22,754 shares of Common Stock in consideration for the receipt of $0.01 per share. The following individuals purchased these shares: Joseph Boshart, Emil Hensel, Vickie Anenberg, Jonathan Ward, Lee Ann O'Connor, Frank Shaffer, Barbara Astler, Jerry Chua, Daniel Lewis, Richard Ives, Wendi Dusseault, Katherine Miyares, Dijanan Lesh, Debbie Simpson, Jean Ann Johnson, Denise Brodwyn, Kristin Dunn, Francine Denello, Lisa Vrana, Lisa Lapina, Mia Wender, Hope Mello, Tom Homish, Christine Portner, Darren Portner, Marc Leon, Tom Stevens, Brian Hekman, Sharon Boggs, Lynn Gianatasio, Ted Burg, Jeanette McClary, Chris West, Karen McConnell, Darren Bounds, Michael MacNeill, Stephanie Russo, Michael Britt, Melissa Rutherford, Mary Walker, Luz Torres, Kimberly Hewlitt, Kathleen Salerno, Jill Wengerter, Jennifer Goldstein, Jackie Finz, Gregg Proietti, Dawn Anderson, Beth Butler, Audrey Mariovich, Arlene Belue, Anthony Pederson and Heather Stover.

On December 16, 1999, in connection with our acquisition of TravCorps, we issued 1,520,000 shares of Common Stock to certain holders of stock of TravCorps.

In addition, as of June 30, 2001, the Company has granted options to purchase a total of 3,268,521 shares of Common Stock to employees, including certain senior managers, at a weighted average exercise price of approximately $12.48 per share.

The issuances described above in this Item 15 were deemed exempt from registration under the Securities Act in reliance on either: (1) Rule 701 promulgated under the Securities Act as offers and sales of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701; or (2) Section 4(2) of the Securities Act, including Regulation D thereunder, as transactions by an issuer not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

The following exhibits are filed with this registration statement.

NO.	DESCRIPTION
1.1	Form of Underwriting Agreement
2.1+	Cross Country Staffing Asset Purchase Agreement, dated June 24, 1999, by and among W. R. Grace & Co.-Conn., a Connecticut corporation, Cross Country Staffing, a Delaware general partnership, and the Registrant, a Delaware corporation
2.2+	Agreement and Plan of Merger, dated

as of October 29, 1999, by and among the Registrant, CCTC Acquisition, Inc. and Certain Stockholders of Cross Country Staffing, Inc and TravCorps Corporation and the Stockholders of TravCorps Corporation

2.3+ Stock Purchase Agreement, dated as of December 15, 2000, by and between Edgewater Technology, Inc. and the Registrant

3.1 Amended and Restated Certificate of Incorporation of the Registrant

3.2 Amended and Restated By-laws of the Registrant

4.1* Form of specimen common stock certificate

4.2** Amended and Restated Stockholders Agreement, dated August 23, 2001, among the Registrant, a Delaware corporation, the CEP Investors and the Investors

4.3+ Registration Rights Agreement, dated as of October 29, 1999, among the Registrant, a Delaware corporation, and the CEP Investors and the MSDWCP Investors

4.4 Amendment to the Registration Rights Agreement, dated as of August 23, 2001, among the Registrant, a Delaware corporation, and the CEP Investors and the MSDWCP

Investors 4.5 Stockholders Agreement, dated as of August 23, 2001, among the Registrant, Joseph Boshart and Emil Hensel and the Financial Investors 5.1 Opinion of Proskauer Rose LLP as to the legality of the common stock being registered 10.1+ Employment Agreement, dated as of June 24, 1999, between Joseph Boshart and the Registrant 10.2+ Employment Agreement, dated as of June 24, 1999, between Emil Hensel and the Registrant 10.3+ Employment Agreement termination, dated as of December 21, 2000, between Bruce Cerullo and the Registrant 10.4+ Lease Agreement, dated April 28, 1997, between Meridian Properties and the Registrant 10.5+ Lease Agreement, dated October 31, 2000, by and between Trustees of the Goldberg Brothers Trust, a Massachusetts Nominee Trust and TVCM, Inc. 10.6+ 222 Building Standard Office Lease between Clayton Investors Associates, LLC and Cejka & Company 10.7** Amended and Restated 1999 Stock Option Plan of the Registrant

10.8** Amended and Restated Equity Participation Plan of the Registrant
10.9+ Second Amended and Restated Credit Agreement, dated as of March 16, 2001, among the Registrant, the Lenders Party thereto, Salomon Smith Barney, Inc., as Arranger, Citicorp USA, Inc. as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender, Bankers Trust Company, as Syndication Agent, and Wachovia Bank, N.A., as Documentation Agent

NO. DESCRIPTION --- ----------
10.10+ Waiver and Amendment No. 1 dated as of May 3, 2001, to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 by and among the Registrant, the Lenders Party thereto, Salomon Smith Barney, Inc., as Arranger, Citicorp USA, Inc. as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender, Bankers Trust Company, as Syndication Agent, and Wachovia Bank, N.A., as Documentation Agent
10.11+ Form of Subsidiary Guarantee Agreement, dated as of December 16, 1999, among the Registrant's subsidiary guarantors and Citicorp USA, Inc., as collateral agent for the Obligees 10.12+ Form of Security Agreement, dated as of July 29, 1999, as amended and restated

as of December 16, 1999 among the Registrant and Citicorp USA, Inc. as collateral agent for the Obligees 10.13+ Form of Pledge Agreement, dated as of July 29, 1999, as amended and restated as of December 16, 1999, among the Registrant and Citicorp USA, Inc., as collateral agent for the Obligees 10.14+ Form of Indemnity, Subrogation and Contribution Agreement, dated as of December 16, 1999, among the Registrant, the subsidiaries of the Registrant and Citicorp USA, Inc., as collateral agent for the Obligees 21.1+ List of subsidiaries of the Registrant 23.1 Consents of Ernst & Young LLP 23.2 Consent of PricewaterhouseCoopers LLP 23.3 Consent of Deloitte & Touche LLP 23.4 Consent of Proskauer Rose LLP (contained in Exhibit 5.1) 24.1+ Power of Attorney (included on signature page of the Registration Statement)

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* To be filed by amendment.

** Previously filed and filed in revised form.

\+ Previously filed

(b) Financial Statement Schedules

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS (FOR CONTINUING OPERATIONS) ------------------- ------------------------------ ----------------------------

BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	BALANCE AT END OF PERIOD DESCRIPTION	OTHER CHANGES - ADD (DEDUCT)	WRITEOFF'S	RECOVERIES
--- ALLOWANCE FOR DOUBTFUL ACCOUNTS Period July 30-December 31, 1999	$1,158,039	$ 511,341	$ (272,142)	$ --	$ 746,872 (a)
Year ended December 31, 2000	2,144,110	432,973	(565,012)	75,676	--
Six months ended June 30, 2001	2,087,747	861,739	(237,385)	--	52,499 (b)
	2,764,600				

$2,144,110

$2,087,747

- --------------------------

(a) - Allowance for doubtful accounts for receivables acquired in TravCorps acquisition

(b) - Allowance for doubtful accounts for receivables acquired in ClinForce acquisition

All schedules not identified above have been omitted because they are not required, are not applicable or the information is included in the selected consolidated financial data or notes contained in this Registration Statement.

ITEM 17. UNDERTAKINGS

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by the director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Boca Raton, Florida, on the 23rd day of August, 2001.

CROSS COUNTRY, INC.

By: *

Joseph Boshart
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons on the 23rd day of August, 2001.

SIGNATURE	TITLE
- *	President, Chief Executive Officer and

Director Joseph A. Boshart (Principal Executive Officer) *	Chief Financial Officer, Chief Operating Officer and Director (Principal Financial Officer and Principal Accounting Officer) *
Emil Hensel	
Director Karen H. Bechtel *	
Director Bruce A. Cerullo *	
Director Thomas C. Dircks *	
Director A. Lawrence Fagan *	
Director Fazle Husain	

*By: /s/ JOSEPH A. BOSHART

Joseph A. Boshart
Attorney-in-fact

Exhibit 1.1

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CROSS COUNTRY, INC.

(a Delaware corporation)

Shares of Common Stock

PURCHASE AGREEMENT

Dated: , 2001

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Table of Contents

Table of Contents
(continued)

CROSS COUNTRY, INC.

(a Delaware corporation)

Shares of Common Stock

(Par Value $.01 Per Share)

PURCHASE AGREEMENT

, 2001

MERRILL LYNCH & CO.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Salomon Smith Barney
Banc of America Securities LLC
SunTrust Capital Markets, Inc.
CIBC World Markets
as Representatives of the several Underwriters
c/o Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Financial Center
North Tower
New York, New York 10080

Ladies and Gentlemen:

Cross Country, Inc., a Delaware corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and each of the other Underwriters named in Schedule A hereto (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch, Salomon Smith Barney, Banc of America Securities LLC, SunTrust Capital Markets, Inc. and CIBC World Markets are acting

as representatives (in such capacity, the "Representatives"), with respect to the issue and sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of shares of Common Stock, par value $o per share, of the Company ("Common Stock") set forth in said Schedule A, and with respect to the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of o additional shares of Common Stock to cover over-allotments, if any.

The aforesaid o shares of Common Stock (the "Initial Securities") to be purchased by the Underwriters and all or any part of the o shares of Common Stock subject to the option described in Section 2(b) hereof (the "Option Securities") are hereinafter called, collectively, the "Securities".

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company and the Underwriters agree that up to o shares of the Initial Securities to be purchased by the Underwriters (the "Reserved Securities") shall be reserved for sale by the Underwriters to some of the Company's directors, officers, employees, business associates and related persons (collectively "Eligible Persons") as part of the distribution of the Securities by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities Dealers, Inc. and all other applicable laws, rules and regulations. To the extent that such Reserved Securities are not orally confirmed for purchase by such eligible employees and persons having business relationships with the Company by the end of the first business day after the date of this Agreement, such Reserved Securities may be offered to the public as part of the public offering contemplated hereby.

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-1 (No. 333-64914) covering the registration of the Securities under the Securities Act of 1933, as amended (the "1933 Act"), including the related preliminary prospectus or prospectuses. Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A ("Rule 430A") of the rules and regulations of the Commission under the 1933 Act (the "1933 Act Regulations") and paragraph (b) of Rule 424 ("Rule 424(b)") of the 1933 Act Regulations. The information included in any such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to paragraph (b) of Rule 430A is referred to as "Rule 430A Information". Each Form of Prospectus used before such registration statement became effective, and any prospectus that omitted the Rule 430A Information, that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." Such registration statement, including the exhibits thereto and schedules thereto at the time it became effective and including the

Rule 430A Information, is herein called the "Registration Statement." Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein referred to as the "Rule 462(b) Registration Statement," and after such filing the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The final Form of Prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

Prior to or upon the consummation of the offering of the Securities (i) the Company's certificate of incorporation and bylaws will be amended and restated and the Company will file with the Secretary of State of the State of Delaware the amended and restated certificate of incorporation ("the Charter Amendments"), (ii) a o for o split of the Common Stock will be effected (the "Stock Split"), (iii) conversion of o shares of Class B non-voting common stock of the Company into o shares of Common Stock will be effected (the Conversion"), and (iv) the letter agreements among the Company and Messrs. Boshart, Hensel and Cerullo will be terminated (the "Preemptive Right Termination"). The Charter Amendments, the Stock Split, the Recapitalization and the Preemptive Right Termination are collectively referred to herein as the "Related Transactions."

Section 1. REPRESENTATIONS AND WARRANTIES.

(a) REPRESENTATIONS AND WARRANTIES BY THE COMPANY. The Company represents and warrants to each Underwriter as of the date hereof, as of the Closing Time referred to in Section 2(c) hereof, and if any Option Securities are purchased, as of each Date of Delivery (if any) referred to in Section 2(b)

hereof, and agrees with each Underwriter, as follows:

(i) COMPLIANCE WITH REGISTRATION REQUIREMENTS. Each of the Registration Statement and any Rule 462(b) Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement, any Rule 462(b) Registration Statement and any post-effective amendments thereto became effective and at the Closing Time (and, if any Option Securities are purchased, at

the Date of Delivery), the Registration Statement, the Rule 462(b) Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Prospectuses, any preliminary prospectuses and any supplement thereto or prospectus wrapper prepared in connection therewith, at their respective times of issuance and at the Closing Time, complied and will comply in all material respects with any applicable laws or regulations of foreign jurisdictions in which the Prospectus and such preliminary prospectus, as amended or supplemented, if applicable, are distributed in connection with the offer and sale of Reserved Securities. Neither the Prospectus nor any amendments or supplements thereto (including any prospectus wrapper), at the time the Prospectus or any amendments or supplements thereto were issued and at the Closing Time (and, if any Option Securities are purchased, at each Date of Delivery), included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representatives expressly for use in the Registration Statement or the Prospectus.

Each preliminary prospectus and the prospectuses filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) INDEPENDENT ACCOUNTANTS. The accountants who certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants as required by the 1933 Act and the 1933 Act Regulations.

(iii) FINANCIAL STATEMENTS. The consolidated financial statements included in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly the financial position of the Company and its consolidated Subsidiaries, Cross Country Staffing, Inc. partnership (the

"Predecessor Entity"), TravCorps Corporation, ClinForce, Inc. and Heritage Professional Education LLC (collectively, the "Acquired Entities") at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated Subsidiaries, the Predecessor Entity and the Acquired Entities for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules included in the Registration Statement present fairly in accordance with GAAP the information required to be stated therein. The selected consolidated financial and other data and the summary consolidated financial and other information of the Company included in the Prospectus present fairly the information shown therein and have been compiled on a basis

consistent with that of the audited financial statements included in the Registration Statement. The pro forma financial information and the related notes thereto included in the Registration Statement and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(iv) NO MATERIAL ADVERSE CHANGE IN BUSINESS. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(v) GOOD STANDING OF THE COMPANY. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vi) GOOD STANDING OF SUBSIDIARIES. (A) Each Subsidiary of the Company set forth on Schedule D hereto (which lists all subsidiaries of the Company) (each a "Subsidiary" and, collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary. The only subsidiaries of the Company are the Subsidiaries listed on Schedule 1 hereto.

(B) Except as disclosed in the Prospectus, there are no encumbrances or restrictions on the ability of any Subsidiary (i) to pay any dividends or make any distributions on such Subsidiary's capital stock, (ii) to make any loans or advances to, or investments in the Company or any other Subsidiary, or (iii) to transfer any of its property or assets to the Company or any other Subsidiary.

(vii) CAPITALIZATION. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "Actual" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company. The shares of issued and outstanding capital stock of the Company have been issued in compliance, in all material respects, with all federal and state securities laws. Except as disclosed in the Prospectus, there are no outstanding options or

warrants to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of the Company's capital stock or any such options, warrants, rights, convertible securities or obligations. The description of

the Company's stock option and purchase plans and the options or other rights granted and exercised thereunder set forth in the Prospectus accurately and fairly describe, in all material respects, the information required to be shown with respect to such plans, arrangements, options and rights.

(viii) AUTHORIZATION OF AGREEMENT. This Agreement has been duly authorized, executed and delivered by the Company.

(ix) AUTHORIZATION AND DESCRIPTION OF SECURITIES. The Securities to be purchased by the Underwriters from the Company have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement, and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein will be validly issued, fully paid and non-assessable; the Common Stock conforms to all statements relating thereto contained in the Prospectus and such description conforms to the rights set forth in the instruments defining the same; no holder of the Securities will be subject to personal liability by reason of being such a holder; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company.

(x) AUTHORIZATION OF RELATED TRANSACTIONS. To the extent required by law, the Company's certificate of incorporation, by-laws or other constituent documents, or any agreement between the Company and any of its stockholders or holders of its indebtedness, the consummation of the Related Transactions has been duly authorized by the Company's board of directors and securityholders and no other corporate proceedings on the part of the Company are needed to authorize the Related Transactions.

(xi) ABSENCE OF DEFAULTS AND CONFLICTS. Neither the Company nor any of its Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults under Agreements and Instruments that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated in this Agreement and in the Registration Statement (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds" and the completion of the Related Transactions) and compliance by the Company with its obligations under this

Agreement have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges or encumbrances that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any Subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any Subsidiary.

(xii) ABSENCE OF LABOR DISPUTE. No labor dispute with the employees of the Company or any Subsidiary exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any Subsidiary's principal suppliers, manufacturers, customers or

contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

(xiii) ABSENCE OF PROCEEDINGS. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which would reasonably be expected to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect the properties or assets thereof or the consummation of the transactions contemplated in this Agreement or the Related Transactions or the performance by the Company of its obligations hereunder or thereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary is a party or of which any of their respective property or assets is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xiv) ACCURACY OF EXHIBITS. There are no contracts or documents which are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits thereto which have not been so described and filed as required.

(xv) POSSESSION OF INTELLECTUAL PROPERTY. The Company and its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(xvi) ABSENCE OF FURTHER REQUIREMENTS. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities under this Agreement, the consummation of the Related Transactions or the consummation of the transactions contemplated by this Agreement, except (i) such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations and foreign or state securities or blue sky laws and (ii) with regard to offers and sales of Reserved Securities, such as have been obtained under the laws and regulations of jurisdictions outside the United States in which the Reserved Securities are offered.

(xvii) POSSESSION OF LICENSES AND PERMITS. The Company and its Subsidiaries possess required permits, licenses (including, without limitation, any state nursing pool licenses), provider numbers, certificates, approvals, accreditations (including, without limitation, accreditation required by the Joint Commission on Accreditation of Healthcare Organizations), consents and other authorizations (collectively, "Governmental Licenses") issued by, and have made all required declarations and filings with, the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them (including, without limitation, the Governmental Licenses as are required under such federal and state healthcare laws as are applicable to the

Company and its Subsidiaries; to the best knowledge of the Company, the individual nurses and other personnel that the Company and its subsidiaries have placed or intend to place with clients have obtained all necessary Governmental Licenses to be legally qualified to serve at the facilities and in the positions in which they are staffed and the Company takes reasonable measures to ensure that all such nurses and other personnel possess such Governmental Licenses; the Company and its Subsidiaries are in compliance with the terms and conditions of all

such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xviii) NO FEES FROM THIRD-PARTY PAYORS. None of the Company or any of its Subsidiaries receives fees, compensation or reimbursement of any kind for any of its services from any governmental or other third-party payor, including, without limitation, from third-party payors such as Medicare, Medicaid, Medi-Cal, private insurance companies, health maintenance organizations, preferred provider organizations, managed care systems and other third party payors (including, without limitation, Blue Cross plans).

(xix) LICENSURE OF NURSES AND OTHER HEALTHCARE PROFESSIONALS. The Company has established and shall administer, except to the extent that a failure to do so would not reasonably be expected to result in a Material Adverse Effect, a compliance program (including a written compliance policy) applicable to the Company and its Subsidiaries, to assist the Company, its Subsidiaries and the directors, officers and employees of the Company and its Subsidiaries, in complying with applicable federal and state guidelines (including, without limitation, guidelines imposed by OSHA and JCAHO (including its Comprehensive Accreditation Manual for Hospitals)) for the due qualification and licensure of registered nurses and other healthcare professionals that the Company and its Subsidiaries place through their staffing businesses.

(xx) TITLE TO PROPERTY. Except to the extent specifically disclosed in the Prospectus, the Company and its Subsidiaries have good and marketable title to all real property owned by the Company and its Subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Prospectus or (b) do not, singly or in the

aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company or any of its Subsidiaries has any notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its Subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or of its Subsidiaries to the continued possession of the leased or subleased premises under any such lease or sublease.

(xxi) INVESTMENT COMPANY ACT. None of the Company or any of its Subsidiaries is, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus none of them will be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxii) ENVIRONMENTAL LAWS. Except as described in the Registration Statement and except as would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect, (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances (including, without limitation, asbestos, polychlorinated biphenyls, urea-formaldehyde, insulation, petroleum or petroleum products) (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its Subsidiaries have all permits, authorizations and approvals required

under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries (including, without limitation, any claims relating to the purchases and other corporate transactions involving the current Subsidiaries and predecessor entities which currently are integrated with the

Company and its Subsidiaries) and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxiii) REGISTRATION RIGHTS. Except as disclosed in the Prospectus under the caption "Shares Eligible for Future Sale - Registration Rights" there are no persons with registration rights or other similar rights to have any securities of the Company or any of its Subsidiaries registered pursuant to the Registration Statement or otherwise registered by the Company or any other person under the 1933 Act.

(xxiv) INSURANCE. The Company and each of its Subsidiaries is insured by insurers of recognized financial responsibility against such loses and risks and in such amounts as are prudent and customary in the industries in which the Company and its Subsidiaries operate; none of the Company or any of its Subsidiaries has been refused any material insurance coverage sought or applied for; and the Company has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its operations except where the failure to renew or maintain such coverage would not reasonably be expected to result in a Material Adverse Effect. The officers and directors of the Company are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company believes are prudent and customary for officers' and directors' liability insurance of a public company and as the Company believes would cover claims which would reasonably be expected to be made in connection with the issuance of the Securities; and the Company has no reason to believe that it will not be able to renew its existing directors' and officers' liability insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to cover its officers and directors.

(xxv) TAX RETURNS AND PAYMENT OF TAXES. The Company and its Subsidiaries have timely filed all federal, state, local and foreign tax returns that are required to be filed or has duly requested extensions thereof and all such tax returns are true, correct and complete, except to the extent that any failure to file or request an extension, or any incorrectness would not reasonably be expected to result in a Material Adverse Effect. The Company and its Subsidiaries have timely paid all taxes shown as due on such filed tax returns (including any related assessments, fines or penalties), except to the extent that any such taxes are being contested in good faith and by appropriate proceedings, or to the extent that any failure to pay would not reasonably be expected to result in a Material Adverse

Effect; and adequate charges, accruals and reserves have been provided for in the financial statements referred to in Section 1(a)(iii) above in accordance with GAAP in respect of all Federal, state, local and foreign taxes for all periods as to which the tax liability of the Company and its Subsidiaries has not been finally determined or remains open to examination by applicable taxing authorities except (A) for taxes incurred after the date of the financial statements referred to in Section 1(a)(iii) or (B) where the failure to provide for such charges, accruals and reserves would not reasonably be expected to result in a Material Adverse Effect. None of the Company or its Subsidiaries is a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986, as amended (the "Code").

(xxvi) NO STABILIZATION OR MANIPULATION. Neither the Company nor any of its Subsidiaries or, to the best of their knowledge, any of their directors, officers or affiliates has taken or will take, directly or indirectly, any action designed to, or that could be reasonably expected to, cause or result in stabilization or

manipulation of the price of the Securities in violation of Regulation M under the Securities Exchange Act of 1934, as amended (the "1934 Act").

(xxvii) CERTAIN TRANSACTIONS. Except as disclosed in the Prospectus, there are no outstanding loans, advances, or guarantees of indebtedness by the Company or any of its Subsidiaries to or for the benefit of any of the executive officers or directors of the Company or any of the members of the families of any of them that would be required to be so disclosed under the 1933 Act, the 1933 Act Regulations or Form S-1.

(xxviii) STATISTICAL AND MARKET DATA. The statistical and market-related data included in the Prospectus are derived from sources which the Company reasonably and in good faith believes to be accurate, reasonable and reliable in all material respects and the statistical and market-related data included in the Prospectus agrees with the sources from which it was derived in all material respects.

(xxix) ACCOUNTING AND OTHER CONTROLS. The Company has established a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions were, are and will be executed in accordance with management's general or specific authorization; (ii) transactions were, are and will be recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets; (iii) access to assets was, is and will be permitted only in accordance with a management's general or specific authorizations; and (iv) the recorded accountability for assets was, is and will be compared with existing assets at reasonable intervals and appropriate action was, is and will be taken with respect to any differences.

(b) OFFICER'S CERTIFICATES. Any certificate signed by any officer of the Company or any of its Subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

Section 2. SALE AND DELIVERY TO UNDERWRITERS; CLOSING.

(a) INITIAL SECURITIES. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per share set forth in Schedule B, the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof.

(b) OPTION SECURITIES. In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional o shares of Common Stock at the price per share set forth in Schedule B, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery for the Option Securities (a "Date of Delivery") shall be determined by Merrill Lynch, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject in each case to such adjustments as Merrill Lynch in its discretion shall make to eliminate any sales or purchases of fractional shares.

(c) PAYMENT. Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Debevoise & Plimpton, 919 Third Avenue, New York, New York 10022, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (Eastern time) on the third (fourth, if the pricing occurs after 4:30 P.M. (Eastern time) on any given day)

business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from the Representatives to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Representatives for the respective accounts of the Underwriters of certificates for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

(d) DENOMINATIONS; REGISTRATION. Certificates for the Initial Securities and the Option Securities, if any, shall be in such denominations and registered in such names as the Representatives may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The certificates for the Initial Securities and the Option Securities, if any, will be made available for examination and packaging by the Representatives in The City of New York not later than 10:00 A.M. (Eastern time) on the business day prior to the Closing Time or the relevant Date of Delivery, as the case may be.

(e) APPOINTMENT OF QUALIFIED INDEPENDENT UNDERWRITER. The Company hereby confirms its engagement of CIBC World Markets as, and CIBC World Markets hereby confirms its agreement with the Company to render services as, a "qualified independent underwriter" within the meaning of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. with respect to the offering and sale of the Securities. CIBC World Markets, solely in its capacity as qualified independent underwriter and not otherwise, is referred to herein as the "Independent Underwriter".

Section 3. COVENANTS OF THE COMPANY. The Company covenants with each Underwriter as follows:

(a) COMPLIANCE WITH SECURITIES REGULATIONS AND COMMISSION REQUESTS. The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives immediately, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes. The Company will promptly effect the filings necessary pursuant to Rule 424(b) and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible moment.

(b) FILING OF AMENDMENTS. The Company will give the Representatives notice of its intention to file or prepare any amendment to the Registration Statement (including any filing under Rule 462(b)), or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, will furnish the Representatives with copies of any such documents a reasonable amount of time prior to such

proposed filing or use, as the case may be, and will not file or use any such document to which the Representatives or counsel for the Underwriters shall reasonably object.

(c) DELIVERY OF REGISTRATION STATEMENTS. The Company has furnished or, if requested by the Representatives, will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein) and copies of all signed consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished

to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) DELIVERY OF PROSPECTUSES. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) CONTINUED COMPLIANCE WITH SECURITIES LAWS. The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement any Prospectus in order that the Prospectus will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement any Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) BLUE SKY QUALIFICATIONS. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may designate and to maintain such qualifications in effect for a period of not less than one year from the later of the effective date of the Registration Statement and any Rule 462(b) Registration

Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the effective date of the Registration Statement and any Rule 462(b) Registration Statement.

(g) RULE 158. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally

available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) USE OF PROCEEDS. The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds".

(i) LISTING. The Company will use its best efforts to effect and maintain the quotation of the Securities on the Nasdaq National Market and will file with the Nasdaq National Market all documents and notices required by the Nasdaq National Market of companies that have securities that are traded in the over-the-counter market and quotations for which are reported by the Nasdaq National Market.

(j) RESTRICTION ON SALE OF SECURITIES. During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any share of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Common Stock, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any shares of Common Stock issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Prospectus, (C) any shares of Common Stock

issued or options to purchase Common Stock granted pursuant to existing employee benefit plans of the Company referred to in the Prospectus or (D) any shares of Common Stock issued pursuant to any non-employee director stock plan or dividend reinvestment plan.

(k) REPORTING REQUIREMENTS. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the rules and regulations of the Commission thereunder.

(l) COMPLIANCE WITH NASD RULES. The Company hereby agrees that it will ensure that the Reserved Securities will be restricted as required by the NASD or the NASD rules from sale, transfer, assignment, pledge or hypothecation for a period of three months following the date of this Agreement. The Underwriters will notify the Company as to which persons will need to be so restricted. At the request of the Underwriters, the Company will direct the transfer agent to place a stop transfer restriction upon such securities for such period of time. Should the Company release, or seek to release, from such restrictions any of the Reserved Securities, the Company agrees to reimburse the Underwriters for any reasonable expenses (including, without limitation, legal expenses) they incur in connection with such release.

(m) COMPLIANCE WITH RULE 463. The Company will comply with the requirements of Rule 463 of the 1933 Act Regulations.

Section 4. PAYMENT OF EXPENSES.

(a) EXPENSES. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Underwriters, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each

preliminary prospectus, and of the Prospectus and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the fees and expenses of any transfer agent or registrar for the Securities and (ix) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Securities, (x) the fees and expenses incurred in connection with the inclusion of the Securities in the Nasdaq National Market, (xi) all costs and expenses of the Underwriters, including the fees and disbursements of counsel for the Underwriters, in connection with matters related to the Reserved Securities which are designated by the Company for sale to employees and others having a business relationship with the Company and (xii) the fees and expenses of the Independent Underwriter.

(b) TERMINATION OF AGREEMENT. If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

Section 5. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any Subsidiary of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) EFFECTIVENESS OF REGISTRATION STATEMENT. The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and at Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A prospectus containing the Rule 430A Information shall have been filed with the Commission in accordance with Rule 424(b) (or a post-effective amendment providing such information shall have been filed and declared effective in accordance with the requirements of Rule 430A).

(b) OPINION OF COUNSEL FOR COMPANY. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Proskauer Rose LLP, special counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect

set forth in Exhibit A hereto and to such further effect as counsel to the Underwriters may reasonably request.

(c) OPINION OF COUNSEL FOR UNDERWRITERS. At Closing Time, the Representatives shall have received the favorable opinion, dated as of Closing Time, of Debevoise & Plimpton, counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters in form and substance reasonably satisfactory to the Underwriters.

(d) OFFICERS' CERTIFICATE. At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representatives shall have received a certificate of the President and Chief Executive Officer and the Chief Financial Officer and Chief Operating Officer, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened or are contemplated by the Commission.

(e) ACCOUNTANT'S COMFORT LETTERS. At the time of the execution of this Agreement, the Representatives shall have received from Ernst &

Young, a letter dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(f) BRING-DOWN COMFORT LETTERS. At Closing Time, the Representatives shall have received from Ernst & Young a letter, dated as of Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) APPROVAL OF LISTING. At Closing Time, the Securities shall have been approved for inclusion in the Nasdaq National Market, subject only to official notice of issuance.

(h) NO OBJECTION. The NASD shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements with respect to the Securities.

(i) LOCK-UP AGREEMENTS. At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit B hereto signed by the persons listed on Schedule C hereto.

(j) RELATED TRANSACTIONS. Prior to the purchase of the Securities by the Underwriters, the Related Transactions shall have been consummated.

(k) CONSENT OF CHARTERHOUSE AND MORGAN STANLEY. At the date of this Agreement, the Representatives shall have received from the appropriate affiliates of each of the Charterhouse Group International, Inc. and Morgan Stanley Capital Partners IV, such consent as is required for the transactions contemplated by the Company under this Agreement, including the offering of the Securities, under the stockholder agreement among the affiliates of Charterhouse Group International, Inc. and Morgan Stanley Capital Partners IV and the Company, or the Representatives shall have received a written waiver of such right to consent.]

(l) CONDITIONS TO PURCHASE OF OPTION SECURITIES. In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company or any Subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) OFFICERS' CERTIFICATE. A certificate, dated such Date of Delivery, of the President or a Vice President of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(d) hereof remains true and correct as of such Date of Delivery.

(ii) OPINION OF COUNSEL FOR COMPANY. The favorable opinion of: Proskauer Rose LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery

and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) OPINION OF COUNSEL FOR UNDERWRITERS. The favorable opinion of Debevoise & Plimpton, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) BRING-DOWN COMFORT LETTERS. A letter from Ernst & Young in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the

Representatives pursuant to Section 5(f) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than five days prior to such Date of Delivery.

(m) ADDITIONAL DOCUMENTS. At Closing Time and at each Date of Delivery, counsel for the Underwriters shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(n) TERMINATION OF AGREEMENT. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

Section 6. INDEMNIFICATION.

(a) INDEMNIFICATION OF UNDERWRITERS. (1) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of (A) the violation of any applicable laws or regulations of any jurisdiction where Reserved Securities have been offered and (B) any untrue statement or alleged untrue statement of a material fact included in the supplement or prospectus wrapper material distributed in any jurisdiction) in connection with the reservation and sale of the Reserved Securities to Eligible Persons or the omission or alleged omission therefrom of a material fact necessary to make the statements therein, when considered in conjunction with the Prospectuses or preliminary prospectuses, not misleading;

(iii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission or in connection with any violation of the nature referred to in Section 6(a)(1)(ii)(A) hereof; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iv) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission or in connection with any violation of the nature referred to in Section 6(a)(1)(ii)(A) hereof, to the extent that any such expense is not paid under (i), (ii) or (iii) above;

PROVIDED, HOWEVER, that this indemnity agreement shall not apply to any loss,

liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with

written information furnished to the Company by any Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(2) In addition to and without limitation of the Company's obligation to indemnify CIBC World Markets as an Underwriter, the Company also agrees to indemnify and hold harmless the Independent Underwriter and each person, if any, who controls the Independent Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, from and against any and all loss, liability, claim, damage and expense whatsoever, as incurred, incurred as a result of the Independent Underwriter's participation as a "qualified independent underwriter" within the meaning of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. in connection with the offering of the Securities.

(b) INDEMNIFICATION OF COMPANY, DIRECTORS AND OFFICERS. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a)(1) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, if applicable, or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) ACTIONS AGAINST PARTIES; NOTIFICATION. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a)(1) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local

counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances; provided, that, if indemnity is sought pursuant to Section 6(a)(2), then, in addition to the fees and expenses of such counsel for the indemnified parties, the indemnifying party shall be liable for the reasonable fees and expenses of not more than one counsel (in addition to any local counsel) separate from its own counsel and that of the other indemnified parties for the Independent Underwriter in its capacity as a "qualified independent underwriter" and all persons, if any, who control the Independent Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of 1934 Act in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances if, in the reasonable judgment of the Independent Underwriter, there may exist a conflict of interest between the Independent Underwriter and the other indemnified parties. Any such separate counsel for the Independent Underwriter and such control persons of the Independent Underwriter shall be designated in writing by the Independent Underwriter. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to

or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) SETTLEMENT WITHOUT CONSENT IF FAILURE TO REIMBURSE. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(1)(iii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) INDEMNIFICATION FOR RESERVED SECURITIES. In connection with the offer and sale of the Reserved Securities, the Company agrees, promptly upon a request, in writing to indemnify and hold harmless the Underwriters from and against any and all losses, liabilities, claims, damages and expenses incurred by them as a result of the failure of Eligible Persons to pay for and accept delivery of Reserved Securities which,

by the end of the first business day following the date of this Agreement, were subject to a properly confirmed agreement to purchase.

Section 7. CONTRIBUTION. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions, or in connection with any violation of the nature referred to in Section 6(a)(1)(ii)(A) hereof, which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds (i.e., after deducting the total underwriting discount) from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission or any violation of the nature referred to in Section 6(a)(1)(ii)(A) hereof.

The Company and the Underwriters agree that CIBC World Markets will not receive any additional benefits hereunder for serving as the Independent Underwriter in connection with the offering and sale of the Securities.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred

to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

Section 8. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its Subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person, or by or on behalf of the Company, and shall survive delivery of the Securities to the Underwriters.

Section 9. TERMINATION OF AGREEMENT.

(a) TERMINATION; GENERAL. The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects

of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the Nasdaq National Market, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal or New York authorities.

(b) LIABILITIES. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

Section 10. DEFAULT BY ONE OR MORE OF THE UNDERWRITERS. If one or more of the Underwriters shall fail at Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing

Time, the obligation of the Underwriters to purchase and of the Company to sell the Option Securities to be

purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the Representatives or the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for a Underwriter under this Section 10.

Section 11. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representatives at 4 World Financial Center, North Tower, New York, New York 10281-1201, attention of Jim Forbes and Syndicate Operations, with a copy to Debevoise & Plimpton, 919 Third Avenue, New York, New York, attention of Michael W. Blair; and notices to the Company shall be directed to it at 6551 Park of Commerce Blvd., Suite 200, Boca Raton, Florida 33487, attention of Joseph Boshart, President and CEO, with a copy to Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, attention of Julie M. Allen.

Section 12. PARTIES. This Agreement shall each inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

Section 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE

LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

Section 14. EFFECT OF HEADINGS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

CROSS COUNTRY, INC.

By:

Name:
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
SALOMON SMITH BARNEY
BANC OF AMERICA SECURITIES LLC
SunTrust CAPITAL MARKETS INC.
CIBC WORLD MARKETS

By: MERRILL LYNCH, PIERCE, FENNER &
SMITH, INCORPORATED

By:

Authorized Signatory

For themselves and as Representatives of the other
Underwriters named in Schedule A hereto.

SCHEDULE A

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Salomon Smith Barney	
Banc of America Securities LLC	
SunTrust Capital Markets, Inc.	
CIBC World Markets	
Total	

SCHEDULE B

CROSS COUNTRY, INC.

Shares of Common Stock

(Par Value $.01 Per Share)

1. The initial public offering price per share for the Securities, determined as provided in said Section 2, shall be $o.

2. The purchase price per share for the Securities to be paid by the several Underwriters shall be $o, being an amount equal to the initial public offering price set forth above less $o per share; provided that the purchase price per share for any Option Securities purchased upon the exercise of the over-allotment option described in Section 2(b) shall be reduced by an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

SCHEDULE C

Entities and Persons Subject to Lock-up

[To Be Updated]

Charterhouse Equity Partners III, L.P.
Morgan Stanley Dean Witter Capital Partners IV, LP
Karen H. Bechtel
Joseph A. Boshart
Bruce A. Cerullo
Thomas C. Dircks
A. Lawrence Fagan
Alan Fitzpatrick
Emil Hensel
Fagle Husain
Lori Livers
Vicki Anenberg
Barbara Astler
Kevin Coulin
Annette Gardner
Dr. Franklin A. Shaffer
Tony Sims
Rosellen Sullivan

Jonathan Ward
Carol Westfall
[All Other Securityholders]

SCHEDULE D

Subsidiaries of Cross Country, Inc.

ClinForce, Inc.
Cejka & Company
E-Staff, Inc.
Cross Country Seminars, Inc.
CC Staffing, Inc.
Flex Staff, Inc.
CFRC, Inc.
TVCM, Inc.
Cross Country TravCorps Inc. Limited
[Others]

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

CROSS COUNTRY, INC.

Cross Country, Inc., a corporation organized and existing under the laws of the State of Delaware, does hereby certify:

1. The name of the corporation is Cross Country, Inc. Cross Country, Inc. was originally incorporated under the name Cross Country Holdings, Inc. and the original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 20, 1999.

2. Pursuant to Sections 242 and 228 of the General Corporation Law of the State of Delaware, the amendments and restatement herein set forth have been duly approved by the Board of Directors and stockholders of Cross Country, Inc.

3. Pursuant to Section 245 of the General Corporation Law of the State of Delaware, this Amended and Restated Certificate of Incorporation restates and integrates and amends the provisions of the Certificate of Incorporation of this corporation.

4. The text of the Restated Certificate of Incorporation is hereby restated and amended to read in its entirety as follows:

ARTICLE I
NAME

The name of the Corporation is Cross Country, Inc. (the "Corporation").

ARTICLE II
REGISTERED OFFICE

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III
POWERS

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV
CAPITAL STOCK

A. AUTHORIZED CAPITAL STOCK

The total number of shares which the Corporation shall have authority to issue is 110,000,000, consisting of (i) 100,000,000 shares of common stock, par value $0.0001 per share ("Common Stock") and (ii) 10,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock").

B. RECLASSIFICATION

Effective upon the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, each share of Class A Common Stock, par value $0.01 per share ("Class A Common Stock"), outstanding shall be reclassified on the basis of 5.80135 shares of Common Stock for each share of Class A Common Stock outstanding and, accordingly, each share of Class A Common Stock outstanding shall, without further action by the Corporation or any stockholder, be deemed to represent 5.80135 shares of Common Stock, provided that all fractional shares resulting therefrom shall be eliminated and each holder thereof shall be entitled to receive a cash payment equal to the holder's fraction of a share of Common Stock multiplied by the per share fair market value, as determined by the Board of Directors. Whether a stockholder holds fractional shares after such reclassification shall be determined on the basis of the total number of shares of Class A Common Stock held by such holder immediately prior to such reclassification and the number of shares of Common Stock issuable upon such aggregate reclassification.

C. COMMON STOCK

1. GENERAL. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of

any then outstanding Preferred Stock.

2. VOTING RIGHTS. Each holder of record of Common Stock shall be entitled to one vote for each share of Common Stock in such holder's name on the books of the Corporation.

3. DIVIDENDS. Subject to provisions of law and this Article IV, the holders of Common Stock shall be entitled to receive dividends out of funds legally available therefore at such times and in such amounts as the Board of Directors may determine in its sole discretion and subject to any preferential dividend rights of any then outstanding Preferred Stock.

4. LIQUIDATION. Subject to provisions of law and this Article IV, upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after the payment or provisions for payment of all debts and liabilities of the

Corporation and all preferential amounts to which the holders of any then outstanding Preferred Stock are entitled with respect to the distribution of assets in liquidation, the holders of Common Stock shall be entitled to share ratably in the remaining assets of the Corporation available for distribution.

D. PREFERRED STOCK

Subject to the limitations set forth herein, the Board of Directors is expressly authorized at any time, and from time to time, to provide for the issuance of shares of Preferred Stock of one or more series, with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions providing for the issue thereof adopted by the Board of Directors, and as are now stated and expressed in this Amended and Restated Certificate of Incorporation, or any amendment thereto, including (but without limiting the generality of the foregoing) the following:

(i) The number of shares constituting such series and the distinctive designation of such series;

(ii) The dividend rate of such series, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any other class or classes or of any other series of capital stock, and whether such dividends shall be cumulative or noncumulative;

(iii) Whether the shares of such series shall be subject to redemption by the corporation, and, if made subject to such redemption, the times, prices and other terms and conditions of such redemption;

(iv) The terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;

(v) Whether the shares of such series shall be convertible into or exchangeable for shares of any other class or classes of capital stock of the corporation, and, if provision be made for conversion or exchange, the times, prices, rates, adjustments, and other terms and conditions of such conversion or exchange;

(vi) Whether such series shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights;

(vii) The restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(viii) The rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of such series.

ARTICLE V
AMENDMENT

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation, in the manner now or hereafter prescribed by statute, and all rights conferred on a stockholder herein are granted subject to this reservation.

ARTICLE VI
LIMITATION ON DIRECTORS' LIABILITY AND INDEMNIFICATION

A. To the fullest extent permitted by the Delaware General Corporation Law as the same exists or as may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

B. The Corporation shall indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the Corporation or any predecessor of the Corporation or serves or served at any other enterprise as a director, officer or employee at the request of the Corporation or any predecessor to the Corporation.

C. Neither any amendment nor repeal of this Article VI, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article VI, shall eliminate or reduce the effect of this Article VI, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article VI, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VII
COMPROMISE OR ARRANGEMENT

Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under ss.291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under ss.279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the corporation as a consequence of such

compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the corporation, as the case may be, and also on this corporation.

ARTICLE VIII
STOCKHOLDERS AGREEMENT

Election of members of the Board of Directors of the Corporation shall be subject to the rights of the CEP Investors and the MS Investors pursuant to Section 2.1 of that certain Amended and Restated Stockholders Agreement, dated as of August 23, 2001, (the "Stockholders Agreement") among the Corporation, the CEP Investors and the MS Investors (in each case as defined in the Stockholders Agreement) to designate individuals to be nominated to serve as directors on Board of Directors of the Corporation.

ARTICLE IX
NO WRITTEN BALLOTS

Unless, and except to the extent that, the by-laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

IN WITNESS WHEREOF, Cross Country, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by Stephen W. Rubin, its Secretary, this 23rd day of August, 2001.

By: /s/ Stephen W. Rubin

Name: Stephen W. Rubin
Title: Secretary

Exhibit 3.2

AMENDED AND RESTATED BY-LAWS

OF

CROSS COUNTRY, INC.

1. MEETINGS OF STOCKHOLDERS.

1.1 Annual Meeting. The annual meeting of stockholders shall be held at such date, place and time as determined by the Board of Directors (the "Board").

1.2 Special Meetings. Special meetings of the stockholders may be called by resolution of the Board or the Chairman and shall be called by the President or Secretary upon the written request (stating the purpose or purposes of the meeting) of a majority of the directors then in office or of the holders of at least 20% of the outstanding shares entitled to vote. Only business related to the purposes set forth in the notice of the meeting may be transacted at a special meeting.

1.3 Place and Time of Meetings. Meetings of the stockholders may be held in or outside Delaware at the place and time specified by the Board or the officers or stockholders requesting the meeting.

1.4 Notice of Meetings; Waiver of Notice. Written notice of each meeting of stockholders shall be given to each stockholder entitled to vote at the meeting, except that (a) it shall not be necessary to give notice to any stockholder who submits a signed waiver of notice before or after the meeting, and (b) no notice of an adjourned meeting need be given, except when required

under Section 1.5 below or by law. Each notice of a meeting shall be given, personally or by mail, not fewer than 10 nor more than 60 days before the meeting and shall state the time and place of the meeting, and, unless it is the annual meeting, shall state at whose direction or request the meeting is called and the purposes for which it is called. If mailed, notice shall be considered given when mailed to a stockholder at his address on the corporation's records. The attendance of any stockholder at a meeting, without protesting at the beginning of the meeting that the meeting is not lawfully called or convened, shall constitute a waiver of notice by him.

1.5 Quorum. At any meeting of stockholders, the presence in person or by proxy of the holders of no less than a majority in interest of the shares entitled to vote shall constitute a quorum for the transaction of any business. In the absence of a quorum, a majority in voting interest of those present or, if no stockholders are present, any officer entitled to preside at or to act as Secretary of the meeting, may adjourn the meeting until a quorum is present. At any adjourned meeting at which a quorum is present, any action may be taken that might have been taken at the meeting as originally called. No notice of an adjourned meeting need be given, if the time and place are announced at the meeting at which the adjournment is taken, except that, if adjournment is for more than 30 days or if, after the adjournment, a new record date is fixed for the meeting, notice of the adjourned meeting shall be given pursuant to Section 1.4.

1.6 Voting; Proxies. Unless otherwise provided in the Certificate of Incorporation of the corporation or in these By-Laws, each stockholder of record shall be entitled to one vote, in person or by proxy, for each share registered in his name. Corporate action to be taken by

stockholder vote, other than the election of directors, shall be authorized by a majority of the votes cast at a meeting of stockholders, except as otherwise provided by law or by Section 1.8. Directors shall be elected in the manner provided in Section 2.1. Voting need not be by ballot, unless requested by a majority of the stockholders entitled to vote at the meeting or ordered by the Chairman of the meeting. Each stockholder entitled to vote at any meeting of stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person to act for him by proxy. No proxy shall be valid after three years from its date, unless it provides otherwise.

1.7 List of Stockholders. Not fewer than 10 days prior to the date of any meeting of stockholders, the Secretary, or other officer, of the Corporation shall prepare a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in his name. For a period of not fewer than 10 days prior to the meeting, the list shall be available during ordinary business hours for inspection by any stockholder for any purpose germane to the meeting. During this period, the list shall be kept either (a) at

a place within the city where the meeting is to be held, if that place shall have been specified in the notice of the meeting, or (b) if not so specified, at the place where the meeting is to be held. The list shall also be available for inspection by stockholders at the time and place of the meeting.

1.8 Action by Consent Without a Meeting. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not fewer than the minimum number of votes that would be necessary to

authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting. Prompt notice shall be given to those stockholders who did not consent in writing.

2. BOARD OF DIRECTORS.

2.1 Number, Qualification, Election and Term of Directors. The business of the corporation shall be managed by the entire Board, which shall consist of such number of directors as shall be determined from time to time either by resolution of a majority of the Board or by the holders of a majority of the shares entitled to vote, but no decrease may shorten the term of any incumbent director. Directors shall be elected at each annual meeting of stockholders by a plurality of the votes cast and shall hold office until the next annual meeting of stockholders and until the election and qualification of their respective successors, subject to the provisions of Section 2.9 of these By-laws and Section 2 of that certain Amended and Restated Stockholders Agreement, dated August 23, 2001, (the "Stockholders Agreement") among the Company, the CEP Investors and the MS Investors (each as defined in the Stockholders Agreement) . As used in these By-Laws, the term "entire Board" means the total number of directors the corporation would have, if there were no vacancies on the Board.

2.2 Quorum and Manner of Acting. A majority of the entire Board shall constitute a quorum for the transaction of business at any meeting, except as provided in Section 2.10. Action of the Board shall be authorized by the vote of the majority of the directors present at the time of the vote, if there is a quorum, unless otherwise provided by law, by the Certificate of Incorporation, or by these By-Laws. In the absence of a quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum is present, without further notice or waiver of notice.

2.3 Place of Meetings. Meetings of the Board may be held in or outside Delaware as determined by the Board from time to time.

2.4 Annual and Regular Meetings. Annual meetings of the Board, for the election of officers and consideration of other matters, shall be held either (a) without notice immediately after the annual meeting of stockholders and at the same place, or (b) as soon as practicable after the annual meeting of stockholders, on notice as provided in Section 2.6. Regular meetings of the Board may be held without notice at such times and places as the Board determines. If the day fixed for a regular meeting is a legal holiday, the meeting shall be held on the next business day.

2.5 Special Meetings. Special meetings of the Board may be called by the Chairman, the Chief Executive Officer or by any two directors of the Board.

2.6 Notice of Meetings; Waiver of Notice. Notice of the time and place of each special meeting of the Board, and of each annual meeting not held immediately after the annual meeting of stockholders and at the same place, shall be given to each director by mailing it to him at his residence or usual place of business at least three days before the meeting, or by delivering or telephoning or telegraphing it to him at least two days before the meeting. Notice of a special meeting also shall state the purpose or purposes for which the meeting is called. Notice need not be given to any director who submits a signed waiver of notice before or after the meeting or who attends the meeting without protesting at the beginning of the meeting the transaction of any business because the

meeting was not lawfully called or convened. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which the adjournment is taken.

2.7 Board or Committee Action Without a Meeting. Any action

required or permitted to be taken by the Board or by any committee of the Board may be taken without a meeting, if all the members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents by the members of the Board or the committee shall be filed with the minutes of the proceedings of the Board or the committee.

2.8 Participation in Board or Committee Meetings by Conference Telephone. Any or all members of the Board or any committee of the Board may participate in a meeting of the Board or the committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

2.9 Resignation and Removal of Directors. Any director may resign at any time by delivering his resignation in writing to the Chairman, President or Secretary of the Corporation, to take effect at the time specified in the resignation; the acceptance of a resignation, unless required by its terms, shall not be necessary to make it effective. Subject to Section 2.2 of the Stockholders Agreement, any or all of the directors may be removed at any time, either with or without cause, by vote of the stockholders.

2.10 Vacancies. Any vacancy in the Board, including one created by an increase in the number of directors, shall be filled by a vote of the stockholders or by a vote of the Board; subject to the provisions of the Stockholders Agreement.

2.11 Compensation. Directors shall receive such compensation as the Board determines, together with reimbursement of their reasonable expenses in connection with the performance of their duties. A director also may be paid for serving the corporation or its affiliates or subsidiaries in other capacities.

3. COMMITTEES.

3.1 Executive Committee. The Board, by resolution adopted by a majority of the entire Board, may designate an executive committee of one or more directors, which shall have all the powers and authority of the Board, except as otherwise provided in the resolution, Section 141(c) of the General Corporation Law of Delaware or any other applicable law. The members of the executive committee shall serve at the pleasure of the Board. All action of the executive committee shall be reported to the Board at its next meeting.

3.2 Other Committees. Subject to the express provisions of the Stockholders Agreement, the Board, by resolution adopted by a majority of the entire Board, may designate other committees of one or more directors, which shall serve at the Board's pleasure and have such powers and duties as the Board determines.

3.3 Rules Applicable to Committees. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In case of the absence or disqualification of any member of a committee, the member or members present at a meeting of the committee and not disqualified, whether or not a quorum, may unanimously appoint another director to act at the meeting in place of the absent or disqualified member in accordance with the provisions of the Stockholders Agreement. All action of a committee shall be reported to the Board at its next meeting. Each committee shall adopt rules of procedure and shall meet as provided by those rules or by resolutions of the Board.

4. OFFICERS.

4.1 Number; Security. The officers of the corporation shall be the Chairman, the Chief Executive Officer, the President, the chief operating officer, the Chief Executive Officer, the Secretary and such other officers as may be appointed from time to time by the Board. Any two or more offices may be held by the same person. The Board may require any officer, agent or employee to give security for the faithful performance of his duties.

4.2 Election; Term of Office. The officers of the corporation shall be elected annually by the Board, and each such officer shall hold office until the next annual meeting of the Board and until the election of his successor.

4.3 Subordinate Officers. The Board may appoint subordinate officers (including assistant secretaries and assistant treasurers), agents or employees, each of whom shall hold office for

such period and have such powers and duties as the Board determines. The Board may delegate to any executive officer or committee the power to appoint and define the powers and duties of any subordinate officers, agents or employees.

4.4 Resignation and Removal of Officers. Any officer may resign at any time by delivering his resignation in writing to the Chairman, President or Secretary of the Corporation, to take effect at the time specified in the resignation; the acceptance of a resignation, unless required by its terms, shall not be necessary to make it effective. Any officer elected or appointed by the Board or appointed by an executive officer or by a committee may be removed by the Board either with or without cause and in the case of an officer appointed by an executive officer or by a committee, by the officer or committee that appointed him or by the Chairman.

4.5 Vacancies. A vacancy in any office may be filled for the unexpired term in the manner prescribed in Sections 4.2 and 4.3 for election or appointment to the office.

4.6 The Chairman. The Chairman of the Board shall preside over all meetings of the Board at which he is present, and shall have such other powers and duties as chairmen of the boards of corporations usually have or the Board assigns to him.

4.7 The Chief Executive Officer. Subject to the control of the Board, the Chief Executive Officer of the corporation shall manage and direct the daily business and affairs of the corporation and shall communicate to the Board and any Committee thereof reports, proposals and recommendations for their respective consideration or action. He may do and perform all acts on

behalf of the Corporation and shall preside at all meetings of the stockholders if present thereat, and in the absence of the Chairman of the Board of Directors have such powers and perform such duties as the Board or the Chairman may from time to time prescribe or as may be prescribed in these By-laws, and in the event of the absence, incapacity or inability to act of the Chairman, then the Chief Executive Officer shall perform the duties and exercise the powers of the Chairman.

4.8 President. The President shall have such powers and perform such duties as the Board or the Chairman may from time to time prescribe or as may be prescribed in these By-laws.

4.9 Chief Operating Officer. The chief operating officer shall have such powers and duties as the Board or the Chairman assigns to him.

4.10 Chief Financial Officer. The Chief Executive Officer of the corporation shall be the Treasurer and shall be in charge of the corporation's books and accounts. Subject to the control of the Board, he shall have such other powers and duties as the Board or the President assigns to him.

4.11 The Secretary. The Secretary shall be the secretary of, and keep the minutes of, all meetings of the Board and the stockholders, shall be responsible for giving notice of all meetings of stockholders and the Board, and shall keep the seal and, when authorized by the Board, apply it to any instrument requiring it. Subject to the control of the Board, he shall have such powers and duties as the Board or the President assigns to him. In the absence of the Secretary from any meeting, the minutes shall be kept by the person appointed for that purpose by the presiding officer.

5. SHARES.

5.1 Certificates. The corporation's shares shall be represented by certificates in the form approved by the Board. Each certificate shall be signed by the Chairman, Chief Executive Officer, President or a vice president, and by the Secretary or an assistant secretary or the treasurer or an assistant treasurer, and shall be sealed with the corporation's seal or a facsimile of the seal. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

5.2 Transfers. Upon compliance with provisions restricting the transfer or registration of transfer of shares of capital stock, if any, share of the capital stock of the corporation may be transferred on the books of the Corporation only by the holder of such shares or by his duly authorized attorney, upon the surrender to the Corporation or its transfer agent of the certificate representing such stock properly endorsed and the payment of taxes

due thereon.

5.3 The Board of Directors or any transfer agent of the Corporation may direct one or more new certificate(s) representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors)

may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen, or destroyed or the issuance of such new certificates, and such requirement may be general or confined to specific instances.

5.4 Determination of Stockholders of Record. The Board may fix, in advance, a date as the record date for the determination of stockholders entitled to notice of or to vote at any meeting of the stockholders, or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action. The record date may not be more than 60 or fewer than 10 days before the date of the meeting or more than 60 days before any other action.

5.5 Regulations. The Board shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, cancellation, and replacement of certificates representing stock of the Corporation.

6. INDEMNIFICATION AND INSURANCE.

6.1 Right to Indemnification. Each person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative

or investigative (a "proceeding"), by reason of the fact that he, or a person of whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity or in any other capacity while serving as director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent permitted by the General Corporation Law of Delaware, as amended from time to time, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and that indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his heirs, executors and administrators; provided, however, that, except as provided in Section 6.2, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by that person, only if that proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in these By-laws shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law of Delaware, as amended from time to time, requires, the payment of such expenses incurred by a director or officer in his capacity as a director or officer (and not in any other capacity in which service was or is rendered by that person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding shall be made only upon

delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced, if it shall ultimately be determined that such director or officer is not entitled to be indemnified under these By-laws or otherwise. The corporation may, by action of its Board, provide indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

6.2 Right of Claimant to Bring Suit. If a claim under Section 6.1 is not paid in full by the corporation within 30 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting that claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, where the required undertaking, if any, is required and has been tendered to the corporation) that the claimant has failed to meet a standard of conduct that makes it permissible under Delaware law for the corporation to indemnify the claimant for the amount claimed. Neither the failure of the corporation (including its Board, its independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because he has met that standard of conduct, nor an actual determination by the corporation (including its Board, its independent counsel or its stockholders) that the claimant has not met that standard of conduct, shall be a defense to the action or create a presumption that the claimant has failed to meet that standard of conduct.

6.3 Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 6 shall not be exclusive of any other right any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-law, agreement, vote of stockholders or disinterested directors or otherwise.

6.4 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against that expense, liability or loss under Delaware law.

6.5 Expenses as a Witness. To the extent any director, officer, employee or agent of the Corporation is by reason of such position, or a position with another entity at the request of the Corporation, a witness in any action, suit or proceeding, he shall be indemnified against all costs and expenses actually and reasonably incurred by him or on his behalf in connection therewith.

6.6 Indemnity Agreements. The Corporation may enter into agreement with any director, officer, employee or agent of the Corporation providing for indemnification to the fullest extent permitted by Delaware law.

7. MISCELLANEOUS.

7.1 Seal. The Board shall adopt a corporate seal, which shall be in the form of a circle and shall bear the Corporation's name and the year and state in which it was incorporated.

7.2 Fiscal Year. The Board may determine the Corporation's fiscal year. Until changed by the Board, the last day of the Corporation's fiscal year shall be December 31.

7.3 Voting of Shares in Other Corporations. Shares in other corporations held by the Corporation may be represented and voted by an officer of this Corporation or by a proxy or proxies appointed by one of them. The Board may, however, appoint some other person to vote the shares.

7.4 Amendments. By-laws may be amended, repealed or adopted by a majority vote of the Board or the stockholders.

Exhibit 4.2

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT

AMENDED AND RESTATED STOCKHOLDERS AGREEMENT, dated as of August 23, 2001, among CROSS COUNTRY, INC. (f/k/a Cross Country Staffing, Inc.), a Delaware corporation (the "Company"), the CEP Investors and the MS Investors (each as defined below).

W I T N E S S E T H:

WHEREAS, the parties desire to amend and restate that certain Stockholders Agreement, dated as of October 29, 1999 (the "ORIGINAL AGREEMENT"), among the Company, the CEP Investors and the MS Investors;

WHEREAS, the CEP Investors and the MS Investors own shares of Class A Common Stock, $.01 par value, of the Company (together with any shares into which the Class A Common Stock may be converted or recapitalized, the "COMMON STOCK");

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

1.1 CERTAIN DEFINITIONS. The following terms shall have the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined).

"ACT" means the Securities Act of 1933, as amended.

"AGREEMENT" means this Amended and Restated Stockholders Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"CEP" means Charterhouse Equity Partners III, L.P.

"CEP INVESTORS" means CEP, Chef Nominees Limited and each of their respective Permitted Transferees.

"CEP NOMINEE" has the meaning set forth in Section 2.1(a).

"COMMON STOCK" has the meaning set forth in the recitals hereto.

"COMMON STOCK REORGANIZATION" means any subdivision by the Company of its outstanding shares of Common Stock into a greater number of shares or any consolidation by the Company of its outstanding shares of Common Stock into a smaller number of shares.

"COMPANY" has the meaning given to it in the caption hereto.

"COMPANY BOARD" means the Board of Directors of the Company.

"INVESTORS" means, collectively, the CEP Investors and the MS Investors and "Investor" means any of them.

"MS NOMINEES" has the meaning set forth in Section 2.1(a).

"MSDWCP" means Morgan Stanley Dean Witter Capital Partners IV, L.P.

"MSDWCP NOMINEE" has the meaning set forth in Section 2.1(a).

"MSDWVP" means Morgan Stanley Venture Partners III, L.P.

"MSDWVP NOMINEE" has the meaning set forth in Section 2.1(a).

"MS INVESTORS" means Morgan Stanley Dean Witter Capital Partners IV, L.P., MSDW IV 892 Investors, L.P., Morgan Stanley Dean Witter Capital Investors IV, L.P., Morgan Stanley Venture Partners III, L.P., Morgan Stanley Venture Investors III, L.P. and The Morgan Stanley Venture Partners Entrepreneur Fund, L.P. and their respective Permitted Transferees.

"OFFERED INVESTORS" has the meaning set forth in Section 5.1(a).

"OFFERED SECURITIES" has the meaning set forth in Section 5.1(a).

"OPTIONS" means any rights to subscribe for or to purchase, or any warrants or options for the purchase of, capital stock of the Company or any

stock or securities convertible into or exchangeable for capital stock of the Company.

"ORIGINAL AGREEMENT" has the meaning set forth in the captions hereto.

"PERMITTED TRANSFEREE" means (i) with respect to any CEP Investor or MS Investor, any entity controlling, controlled by or under common control with such Investor; and (ii) with respect to any other Investor, any parent or wholly owned direct or indirect subsidiary entity thereof (it being understood that the later sale, liquidation or spin off of such wholly owned subsidiary or other transaction in which the parent ceases to control, directly or indirectly, 100% of the equity of such subsidiary would constitute a Transfer of Stock, which may only be made in compliance with the terms and restrictions set forth in this Agreement).

"RULE 144" means Rule 144, and any amendments thereto, promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended.

"STOCK" means (i) shares of outstanding capital stock of the Company; (ii) Options; and (iii) shares of capital stock issuable upon the exercise of Options.

"STOCKHOLDERS" mean, all the holders of Common Stock and "Stockholder" means any such person.

"SUBSIDIARY" means any entity of which ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Company.

"SUBSIDIARY BOARD" has the meaning set forth in Section 2.1(C).

"TAG ALONG OFFER" has the meaning set forth in Section 5.1(a).

"TAG ALONG OFFER PERIOD" has the meaning set forth in Section 5.1(a).

"TAG ALONG NOTICE" has the meaning set forth in Section 5.1.

"TAG ALONG RIGHT" has the meaning set forth in Section 5.1.

"TAGGED INVESTORS" has the meaning set forth in Section 5.1.

"TRANSFER" means any direct or indirect sale, assignment, transfer or other disposal of Stock.

SECTION 2. CORPORATE GOVERNANCE

2.1 ELECTION OF DIRECTORS.

(a) COMPANY BOARD.

(i) At each meeting of the stockholders of the Company (or consent solicitation in lieu of a meeting) at which directors of the Company are to be elected, the Company agrees to (x) nominate two individuals designated by the CEP Investors to serve as members of the Company Board (each a "CEP NOMINEE"), (y) nominate one individual designated by MSDWCP to serve as a member of the Company Board (a "MSDWCP NOMINEE") and (z) nominate one individual designated by MSDWVP to serve as a member of the Company Board (a "MSDWVP NOMINEE", together with the MSDWCP Nominee, the "MS NOMINEES"). Further, at each such meeting of the stockholders (or consent solicitation in lieu of a meeting), the Company agrees to recommend that the stockholders elect such CEP Nominees and MS Nominees to the Company Board.

(ii) At such time as the MS Investors shall have Transferred to persons other than their Permitted Transferees more than 50% of the shares of Common Stock owned by the MS Investors, collectively, as of the date hereof, the rights set forth in Section 2.1(a)(ii) shall be automatically amended to provide that the Company shall be required to nominate only one individual designated by MSDWCP, which individual shall be a MSDWCP Nominee to serve as a member of the Company Board. Additionally, at such time as the CEP Investors shall have Transferred to persons other than their Permitted Transferees more than 50% of the shares of Common Stock owned by the CEP Investors, collectively, as of the date hereof, the rights set forth in Section 2.1(a)(i) shall be automatically amended to provide that the Company shall be required to nominate only one individual designated by the CEP Investors to serve as a member of the Company Board.

(iii) At such time as the MS Investors shall have Transferred to persons other than their Permitted Transferees more than 90% of the shares of Common Stock owned by the MS Investors, collectively, as of the date hereof, the rights of the MS Investors set forth in Sections 2.1(a)(i)-(ii) shall terminate. Additionally, at such time as the CEP Investors shall have Transferred to persons other than their Permitted Transferees more than 90% of the shares of Common Stock owned by the CEP Investors, collectively, as of the date hereof, the rights of the CEP Investors set forth in Sections 2.1(a)(i)-(ii) shall terminate.

(b) COMMITTEES. The membership of each committee of the Company Board (other than the Audit Committee) shall include at least one MS Nominee (so long as at least one MS Nominee remains on the Company Board) and at least one CEP Nominee (so long as at least one CEP Nominee remains on the Company Board).

(c) SUBSIDIARY BOARDS. The board of directors of each subsidiary of the Company (each such board, a "SUBSIDIARY BOARD") shall include at all times at least one CEP Nominee (so long as at least one CEP Nominee remains on the Company Board) or one MS Nominee (so long as at least one MS Nominee remains on the Company Board). The number of CEP Nominees and MS Nominees, respectively, on the Subsidiary Boards shall be as equitable as possible. Further, each of the CEP Investors and the MS Investors shall have the right to have

a representative participate as an observer at each meeting of a Subsidiary Board whose membership does not include one of its Nominees.

(d) INVESTORS' AGREEMENT. Each Investor shall vote his or its shares of Stock, and the Company and each Investor shall take all other actions necessary, to ensure that the certificate of incorporation and bylaws of the Company facilitate and do not at any time conflict with any provision of this Agreement.

2.2 AGREEMENT TO VOTE FOR DIRECTORS Each Investor agrees to vote, in person or by proxy, all its shares of Common Stock, or to execute a written consent in respect of all such shares of Common Stock, as the case may be, in favor of the CEP Nominees and the MS Nominees for election to the Company Board and take all other necessary action (including causing the Company to call a special meeting of Stockholders) in order to ensure that the composition of the Company Board is as set forth in this Section.

2.3 REMOVAL AND REPLACEMENT OF DIRECTORS.

(a) REMOVAL OF CEP NOMINEES. If at any time the CEP Investors notify the Investors of a wish to remove any CEP Nominee, the Investors shall take all actions contemplated by Section 2.1(a) so as to remove such CEP Nominee. Removal of a CEP Nominee, other than pursuant to the immediately preceding sentence, shall require the prior written consent of CEP unless such removal is based upon the gross negligence or wilfull misconduct of the CEP Nominee.

(b) REMOVAL OF MS NOMINEES. If at any time the MS Investors notify the Investors of their wish to remove any MS Nominee, the Investors shall take all actions contemplated by Section 2.1(a) so as to remove such MS Nominee. Removal of a MS Nominee, other than pursuant to the immediately preceding sentence, shall require the prior written consent of the MS Investors, unless such removal is based upon the gross negligence or wilfull misconduct of the MS Nominee.

(c) REPLACEMENT OF DIRECTORS. If at any time a vacancy is created on the Company Board by reason of the incapacity, death, permitted removal or resignation of any director nominated by the CEP Investors or the MS Investors, then the persons who were entitled to designate such individual to be nominated by the Company to serve as a member of the Company Board in accordance with Section 2.1(a) shall designate an individual to be nominated by the Company to fill such vacancy. Each Investor hereby agrees to take all actions contemplated by Section 2.1(a) reasonably necessary to effect the foregoing.

SECTION 3. TRANSFER OF STOCK

3.1 TRANSFERS TO PERMITTED TRANSFEREES. Each Investor may, at any time, Transfer any Stock owned by it to a Permitted Transferee, subject to the provisions of Section 8.6. None of the restrictions on Transfers of Stock contained in this Agreement shall apply to any Transfers by will or by the laws of descent, except that any such transferee shall be deemed to take such Stock subject to all provisions of this Agreement.

3.2 TRANSFERS PURSUANT TO RULE 144; PUBLIC DISTRIBUTIONS. Any

Investor may, at any time, and from time to time, Transfer Common Stock pursuant to and in compliance with Rule 144. If any Investor shall intend to Transfer any Stock publicly (other than in a registered offering pursuant to the Registration Rights Agreement dated as of October 29, 1999, as amended as of August 23, 2001, among the parties hereto) or to distribute any Stock in a manner that is likely to result in sales into the public market, such Investor shall give notice of such intention to the Company and each other Investor, and shall refrain from effecting any such Transfer or distribution for a period of five business days. If other Investors shall have given notice of a similar intention at any time prior to the end of such five business day period, all of such Investors shall endeavor, subject to the provisions of applicable securities laws, to effect such Transfers or distributions in manner that will not adversely disrupt or otherwise adversely affect the market for the Stock. Such Investors shall agree that, to the extent practicable, in the case of any public Transfer, they will sell their securities through a single broker or market maker over a sufficient period of time to permit an orderly disposition of such securities. Any such Transfers shall be made proportionately based on the number of shares desired to be sold by each Investor or on such other basis as the Investors may agree. Any Investor that intends to

make a distribution of Stock shall coordinate the timing and the magnitude of such distribution with the distributions or Transfers of other Investors in order to avoid adversely disrupting the public market for the Stock.

3.3 NO MORTGAGE, ETC. Notwithstanding anything herein to the contrary, no Investor may mortgage, pledge, grant a security interest or participation in or otherwise encumber any Stock owned by it. Each Transfer of Stock must be made in compliance with the Act, any applicable state and foreign securities law and this Agreement. Each Investor understands and agrees that the Common Stock has not been registered under the Act and that shares of Common Stock are restricted securities. Any attempt to Transfer, pledge, grant a security interest or participation in, or otherwise encumber any Stock not in compliance with this Agreement shall be null and void and neither the Company nor any transfer agent shall give any effect in the Company's transfer records to such Transfer, pledge, grant or encumbrance.

3.4 NO PROXIES, ETC. No Investor shall (i) grant any proxy or enter into or agree to be bound by any voting trust or agreement with respect to the Stock, (ii) enter into any agreement or arrangement of any kind with any person with respect to its Stock inconsistent with the provisions of this Agreement or for the purpose or with the effect of denying or reducing the rights of any other Investor under this Agreement including, but not limited to, agreements or arrangements with respect to the Transfer or voting of its Stock or (iii) act, for any reason, as a member of a group or in concert with any other person in connection with the Transfer or voting of its Stock in any manner which is inconsistent with the provisions of this Agreement.

SECTION 4. COVENANTS

4.1 FINANCIAL INFORMATION. The Company shall cause to be prepared and delivered to each Investor owning more than 10% of the outstanding Common Stock the following financial information:

(a) no later than 90 days after the end of each fiscal year of the Company, the following audited financial statements, prepared in accordance with generally accepted accounting principles consistently applied and accompanied by the report thereon of the independent accountants for the Company: a consolidated balance sheet of the Company as at the end of such fiscal year and consolidated statements of income and cash flows for such fiscal year, in each case setting forth in comparative form the figures for the previous fiscal year and the budgeted figures for such fiscal year;

(b) within 30 days after the end of each fiscal month of the Company, the following financial statements, prepared in accordance with generally accepted accounting principles consistently applied: balance sheets of the Company as at the end of such fiscal month and the consolidated statements of income and cash flows for such fiscal month and for the elapsed portion of the fiscal year ended with the last day of such month, in each case on a consolidated basis and broken out by division and setting forth in comparative form the figures for the corresponding periods in the previous fiscal year and budgeted figures for the periods in such fiscal year; and

(c) within 30 days after the end of each fiscal month of the Company, financial information relating to the key operating statistics of the business of the Company and

its subsidiaries to the extent such information is distributed to senior management of the Company in the ordinary course.

SECTION 5. TAG-ALONG RIGHTS

5.1 TAG-ALONG RIGHT OF THE INVESTORS.

(a) If the CEP Investors or the MS Investors (such parties who propose to Transfer shall be referred to as the "TAGGED INVESTORS" and such other unaffiliated parties shall be referred to as the "OFFERED INVESTORS") propose, in a single, bona fide, arm's length transaction or a series of related transactions, to Transfer more than 10% of the total number of shares of Common Stock owned by the Tagged Investors on the date hereof to transferees other than Permitted Transferees of such Tagged Investors (the "TAG ALONG OFFER") the Tagged Investors shall promptly give notice thereof to the Offered Investors (the "TAG ALONG NOTICE"). The Tag Along Notice shall identify the proposed purchaser, the consideration per share and the other material terms and conditions of the Tag Along Offer and, in the case of a Tag Along Offer in which the consideration payable for the Common Stock consists in part or in whole of consideration other than cash, such information relating to such consideration as the Offered Investors may reasonably request as being necessary to evaluate such non-cash consideration (it being understood that such request shall not obligate the Tagged Investors to deliver any information to the Offered Investors not available to such Tagged Investors). Each Offered Investor shall have the right, exercisable as set forth below, to Transfer to such transferees on the same terms and for the same consideration per share of Common Stock as are set forth in the Tag Along Notice with respect to the Tagged Investors' shares of Common Stock (the "TAG ALONG RIGHT"), up to the number of shares of Common Stock then owned by such Offered Investor at the time of the Transfer, multiplied by a fraction (i) the numerator of which is the number of shares of Common Stock desired to be Transferred to the Transferee by the Tagged Investors, and (ii) the denominator of which is the total number of shares of Common Stock owned by the Tagged Investors at the time of the Transfer. Each Offered Investor's rights under this Section 5.1 may be exercised by giving written notice (which shall be irrevocable) to the Tagged Investors during the period (the "TAG ALONG OFFER PERIOD") which is 45 days after the delivery to the Offered Investors of the Tag Along Notice. The failure by any Offered Investor to so notify the Tagged Investors within such Tag Along Offer Period shall be deemed an election by such Offered Investor not to exercise its Tag Along Rights. The provisions of this Section 5.1 shall not apply to any Transfers (i) pursuant to and in compliance with Rule 144, (ii) pursuant to a public offering registered under the Act, or (iii) to the limited partners of any Investor in connection with a pro rata distribution to such partners pursuant to the terms of such Investor's partnership agreement.

(b) The Tagged Investors shall have 120 days from the termination of the Tag Along Offer Period to consummate the Transfer contemplated by the Tag Along Offer to the proposed transferees at the price and on the terms contained in the Tag Along Notice. If the Tagged Investors have not completed the Transfer contemplated by the Tag Along Notice within the period described above, then the rights of the Tagged Investors and the Offered Investors to Transfer such Common Stock pursuant to this Section 5.1 shall terminate and the Tagged Investors shall again comply with the procedures set forth in this Section 5.1 with respect to any subsequent proposed Transfer.

(c) Promptly after the consummation of the Transfer of the Common Stock pursuant to the Tag Along Offer, the Tagged Investors shall notify the Offered Investors thereof, shall remit to the Offered Investors the total sales price and consideration specified in the Tag Along Notice for their shares of Common Stock Transferred pursuant thereto, and shall furnish such other evidence of such Transfer and the terms thereof as may be reasonably requested by the Offered Investors. Notwithstanding the foregoing, the Offered Investors shall be required (i) to bear their proportionate share of any escrows, holdbacks or adjustments in purchase price and (ii) to make such representations, warranties and covenants and enter into such agreements as are customary to be made in the Offered Investors' capacities as stockholders of the Company and for transactions of the nature of the Tag Along Offer.

(d) Notwithstanding anything contained in this Section 5.1, there shall be no liability on the part of the Tagged Investors to the Offered Investors if the Transfer of Common Stock pursuant to this Section 5.1 is not consummated for whatever reason, regardless of whether the Tagged Investors have delivered a Tag Along Notice. Whether or not to effect a Transfer of Common Stock pursuant to this Section 5.1 by the Tagged Investors is in the sole and absolute discretion of the Tagged Investors.

5.2 CLOSING. In the event the rights of an Offered Investor under Section 5.1 shall be exercised, each transferring party shall cause the stock certificate or certificates representing the shares covered by such Transfer to be delivered to said transferee, duly endorsed for Transfer with all applicable stock transfer tax stamps attached, paid or otherwise provided for by such Offered Investor, together with such other documents and instruments as the transferee may reasonably request.

SECTION 6. SPECIFIC PERFORMANCE. Each of the Investors acknowledges and agrees that in the event of any breach of this Agreement, the non-breaching party or parties would be irreparably harmed and could not be made whole by monetary damages. It is accordingly agreed that the Investors shall waive the defense in

any action for specific performance that a remedy at law would be adequate and that the Investors, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of this Agreement.

SECTION 7. LEGEND. Each of the Investors agrees that substantially the following legend shall be placed on the certificates representing any shares of Stock owned by them:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE (I) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH SUCH LAWS, AND (II) ARE SUBJECT TO THE RIGHTS AND RESTRICTIONS CONTAINED IN THE AMENDED AND RESTATED STOCKHOLDERS AGREEMENT DATED AS OF AUGUST 23, 2001 (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE ISSUER HEREOF)."

SECTION 8. MISCELLANEOUS.

8.1 HEADINGS. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of any provisions hereof.

8.2 ENTIRE AGREEMENT. This Agreement contains the entire understanding of the parties with respect to the subject matter contained herein, and supersedes all prior arrangements or understandings with respect hereto.

8.3 NOTICES. All notices and other communications hereunder shall be validly given or made if in writing, (i) when delivered personally (by courier service or otherwise); (ii) when sent by telecopier; or (iii) when actually received if mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Section:

(a) If to the Company, to it at:

Cross Country, Inc.
6551 Park of Commerce Blvd., N.W.
Suite 200
Boca Raton, Florida 33487
Attention: Chief Executive Officer

(B) If to any CEP Investor, to it at:

c/o Charterhouse Group International, Inc.
535 Madison Avenue
New York, New York 10022-4299
Attention: Thomas C. Dircks, President
Fax: (212) 750-9704

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Attention: Stephen W. Rubin, Esq.
Fax: (212) 969-2900

(C) If to any MS Investor, to it at:

c/o Morgan Stanley Dean Witter Capital Partners IV, L.P.
1221 Avenue of the Americas
New York, New York 10020
Attention: Karen H. Bechtel, Managing Director

Fax: (212) 762-8282

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Carole Schiffman, Esq.

8.4 APPLICABLE LAW; SUBMISSION TO JURISDICTION. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (without regard to its conflicts of law rules). Each of the parties hereto hereby consents to the exclusive jurisdiction of the United States District Court for the District of Delaware and the Chancery Court of the State of Delaware (and of the appropriate appellate courts therefrom) over any suit, action or proceeding arising out of or relating to this Agreement. Each party hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue in any such court or that any such proceeding which is brought in accordance with this Section has been brought in an inconvenient forum. Subject to applicable law, process in any such proceeding may be served on any party any where in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing and subject to applicable law, each party agrees that service of process on such party as provided in Section 8.3 shall be deemed effective service of process on such party. Nothing herein shall affect the right of any party to serve legal process in any other manner permitted by law or at equity or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction. WITH RESPECT TO A PROCEEDING IN ANY SUCH COURT, EACH OF THE PARTIES IRREVOCABLY WAIVES AND RELEASES TO THE OTHER ITS RIGHT TO A TRIAL BY JURY, AND AGREES THAT IT WILL NOT SEEK A TRIAL BY JURY IN ANY SUCH PROCEEDING.

8.5 SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

8.6 AGREEMENT TO BE BOUND. Notwithstanding anything to the contrary contained in this Agreement, no shares of Common Stock held by any Investor may be Transferred unless the transferee, prior to such Transfer, agrees in writing, in form and substance reasonably satisfactory to the Company, to be bound by the terms of this Agreement to the same extent and in the same manner as the transferor of such shares, a copy of which writing shall be maintained on file with the Secretary of the Company and shall include the address of such transferee to which notices hereunder shall be sent; provided that the provisions of this Section 8.6 shall not apply to any Transfers: (i) pursuant to and in compliance with Rule 144, (ii) pursuant to a public offering registered under the Act or (iii) to the limited partners of any Investor in connection with a pro rata distribution to such partners pursuant to the terms of such Investor's partnership agreement.

8.7 SUCCESSOR, ASSIGNS, TRANSFEREES. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. Notwithstanding the foregoing, neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or any Investor, except to a Permitted Transferee of such Investor and then only if such Transferee agrees to be bound by the terms of this Agreement pursuant to Section 8.6 above.

8.8 AMENDMENTS; WAIVERS. This Agreement may not be amended, terminated, modified or supplemented and no waivers of or consents to departures from the provisions hereof may be given unless consented to in writing by the parties hereto.

8.9 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same Agreement.

8.10 TERM OF AGREEMENT.

(a) This Agreement shall become effective only upon the consummation of the Company's initial public offering pursuant to Registration No. 333-64914. If such initial public offering is not consummated then this Agreement shall have no force or effect and the Original Agreement shall remain in effect in accordance with its terms. This Agreement shall automatically terminate on the occurrence of any of the following events: (i) the cessation of the Company's business or the complete liquidation of the Company; or (ii) whenever one holder owns all of the shares of Common Stock.

(b) In addition, this Agreement shall terminate and be of no further force or effect (i) with respect to any Investor when such Investor ceases to own any Stock or (ii) by written consent in accordance with Section 8.8.

8.11 NO THIRD PARTY BENEFICIARIES. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

8.12 RECAPITALIZATION, ETC. In the event that any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Common Stock by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to stockholders or combination of the Common Stock or any other change in capital structure of the Company, appropriate adjustments shall be made with respect to the relevant provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement.

8.13 REASONABLE BEST EFFORTS. Subject to the terms and conditions of this Agreement, the Company and each of the Investors will use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to give effect to the terms and conditions of this Agreement.

8.14 EFFECTIVE DATE. This Agreement has been executed as of the date first above written, to automatically and without further action of the parties become effective on the date first written above.

8.15 DISPUTES. In the event of any dispute under this Agreement, the non-prevailing party shall pay all legal fees and expenses of the prevailing party.

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

The Company: CROSS COUNTRY, INC.

By: /s/ Joseph Boshart

Name: Joseph Boshart
Title: President and Chief Executive Officer

The CEP Investors: CHARTERHOUSE EQUITY PARTNERS III, L.P.

By: CHUSA Equity Investors III, L.P.,
general partner

By: Charterhouse Equity III, Inc.,
General Partner

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

CHEF NOMINEES LIMITED

By: Charterhouse Group International, Inc.,
Attorney-in-Fact

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

MS Investors: MORGAN STANLEY DEAN WITTER
CAPITAL PARTNERS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MSDW IV 892 INVESTORS, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY DEAN WITTER
CAPITAL INVESTORS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY VENTURE
PARTNERS III, L.P.

By: Morgan Stanley Venture Partners III,
L.L.C., its General Partner

By: Morgan Stanley Venture Capital III,
Inc., its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

MORGAN STANLEY VENTURE INVESTORS III, L.P.

By: Morgan Stanley Venture Investors III,
L.L.C., its General Partner

By: Morgan Stanley Venture Capital III,
Inc., its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

THE MORGAN STANLEY VENTURE
PARTNERS ENTREPRENEUR FUND, L.P.

By: Morgan Stanley Venture Partners III,
L.L.C., its General Partner

By: Morgan Stanley Venture Capital III,
Inc., its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

Exhibit 4.4

AMENDMENT NO. 1, dated August 23, 2001, to that certain Registration Rights Agreement, dated as of October 29, 1999 (the "Original Agreement"), among Cross Country, Inc. (f/k/a Cross Country Staffing, Inc.) (the "Company"), and the Investors (as defined in the Original Agreement.)

For good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree that the Original Agreement is amended to provide as follows:

1. A new Section 8(l) shall be added to the Original Agreement, which shall read as follows:

"Recapitalization, Etc. In the event that any capital stock or other securities are issued in respect of, in exchange for, or in substitution of, any Common Stock by reason of any reorganization, recapitalization, reclassification, merger, consolidation, spin-off, partial or complete liquidation, stock dividend, split-up, sale of assets, distribution to stockholders or combination of the Common Stock or any other change in capital structure of the Company, appropriate adjustments shall be made with respect tot he relevant provisions of this Agreement so as to fairly and equitable preserve, as far as practicable, the original rights and obligations of the parties hereto under this Agreement."

2. Except as amended hereby, the Original Agreement shall remain unchanged and in full force and effect.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CROSS COUNTRY, INC.

By: /s/ Joseph Boshart

Name: Joseph Boshart
Title: President and Chief Executive Officer

CHARTERHOUSE EQUITY PARTNERS III, L.P.

By: CHUSA Equity Investors III, L.P., general partner

By: Charterhouse Equity III, Inc., general partner

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

CHEF NOMINEES LIMITED

By: Charterhouse Group International, Inc., Attorney-in-Fact

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

MORGAN STANLEY DEAN WITTER CAPITAL PARTNERS IV, L.P.

By: MSDW Capital Partners IV, LLC, as general partner

By: MSDW CAPITAL PARTNERS IV, INC., as member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MSDW IV 892 INVESTORS, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY DEAN WITTER
CAPITAL INVESTORS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY VENTURE
PARTNERS III, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing
Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

MORGAN STANLEY VENTURE
INVESTORS III, L.P.

By: Morgan Stanley Venture Investors III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

THE MORGAN STANLEY VENTURE
PARTNERS ENTREPRENEUR FUND, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

Exhibit 4.5

SHAREHOLDERS AGREEMENT

SHAREHOLDERS AGREEMENT, dated as of August 23, 2001, among Cross Country, Inc. (the "ISSUER"), Joseph Boshart and Emil Hensel (each, a "MANAGEMENT INVESTOR") and the other persons listed on the signature pages hereof under the heading "Financial Investor," (each a "FINANCIAL INVESTOR").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS. Terms defined herein shall have the meaning set forth on Annex A.

SECTION 2. GENERAL RESTRICTIONS. Until the first to occur of (i) the first anniversary of the consummation of the Issuer's initial public offering of initial public shares and (ii) the date of the consummation of the first registered secondary public offering of Common Shares following the Issuer's initial public offering, and except for Transfers by a Management Investor to his Permitted Transferees, each Management Investor and each Permitted Transferee of such Management Investor agrees not to Transfer, mortgage, pledge, grant a security interest in or otherwise encumber, any of his Common Shares.

SECTION 3. AGREEMENT TO BE BOUND. No Transfer of Common Shares by a Management Investor to one of his Permitted Transferees otherwise permitted pursuant to this Agreement shall be effective unless prior to such Transfer, such Permitted Transferee shall have executed and delivered to the Issuer an instrument or instruments in form and substance satisfactory to the other parties hereto confirming that such Permitted Transferee has agreed to be bound by the terms of this Agreement in the same manner as the transferor, a copy of which instrument shall be maintained on file with the Secretary of the Issuer and shall include the address of such transferee to which notices hereunder shall be sent.

SECTION 4. MISCELLANEOUS. This Agreement constitutes the entire agreement and understanding of the parties hereto and thereto in respect of the subject matter contained herein and therein. This Agreement may be executed in any number of counterparts, each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fuller extent permitted by law.

SECTION 5. EFFECTIVENESS. This Agreement shall become effective only upon the consummation of the Issuer's initial public offering pursuant to Registration No. 333-64914.

If such initial public offering is not consummated, then this Agreement shall have no force or effect.

SECTION 6. APPLICABLE LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida, without regard to the conflicts of law rules of such state.

SECTION 7. SUCCESSORS, ASSIGNS, TRANSFEREES. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. Notwithstanding the foregoing, neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Issuer or any other party hereto, except (i) as specifically provided pursuant to the terms hereof and (ii) that any Financial Investor may assign any of its rights, remedies, obligations or liabilities hereunder to (or exercise any of the foregoing jointly with) an Affiliate of such Financial Investor without the consent of the other parties hereto,

SECTION 8. AMENDMENTS; WAIVERS. No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the parties hereto, or in the case of a waiver, by the party against whom the waiver is to be effective.

SECTION 9. REMEDIES. The parties hereto acknowledge and agree that in the event of any breach of this Agreement, the parties would be irreparably harmed and could not be made whole by monetary damages. Each party hereto accordingly

agrees (i) not to assert by way of defense or otherwise that a remedy at law would be adequate, and (ii) that the parties agree, in addition to any other remedy to which they may be entitled, that the remedy of specific performance of this Agreement is appropriate in any action in court.

SECTION 10. TERMINATION. This Agreement shall terminate as to any Management Investor upon the earlier to occur of (i) the sale of all of the Common Shares owned by such Management Investor pursuant to the terms hereof, (ii) the date on which the Financial Investors cease to hold any Common Shares; PROVIDED that nothing in this Section shall relieve any such Management Investor(s) of liability for breach prior to such termination of any of his covenants or agreements contained in this Agreement, or (iii) the date such Management Investor ceases to be an employee of the Issuer.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

CROSS COUNTRY, INC.

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Chairman

Financial Investors:

CHARTERHOUSE EQUITY PARTNERS III, L.P.

By: CHUSA Equity Investors III, L.P.,
general partner

By: Charterhouse Equity III, Inc.,
General Partner

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

CHEF NOMINEES LIMITED

By: Charterhouse Group International, Inc.,
Attorney-in-Fact

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

MORGAN STANLEY DEAN WITTER
CAPITAL PARTNERS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MSDW IV 892 INVESTORS, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechtel

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY DEAN WITTER
CAPITAL INVESTORS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as General Partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as Member

By: /s/ Karen Bechte

Name: Karen Bechtel
Title: Managing Director

MORGAN STANLEY VENTURE
PARTNERS III, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

MORGAN STANLEY VENTURE
INVESTORS III, L.P.

By: Morgan Stanley Venture Investors III,
L.L.C., its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

THE MORGAN STANLEY VENTURE
PARTNERS ENTREPRENEUR FUND, L.P.

By: Morgan Stanley Venture Partners III,
L.L.C., its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Jeffrey Booth

Name: Jeffrey Booth
Title: Executive Director

Management Investors: By:

Name: Joseph Boshart
Title: President and Chief Executive
Officer

By:

Name: Emil Hensel
Title: Chief Financial Officer

ANNEX A

The following terms, as used herein, have the following meanings:

"AFFILIATE" means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by, or under common control with, such Person.

"COMMON SHARES" means shares of the common stock of the Issuer, par value

$0.0001 per share.

"PERMITTED TRANSFEREE" means: (i) with respect to any party that is an individual, (x) the spouse, issue, grandparents, grandchildren, aunts, uncles, nieces and nephews (in each case, whether natural or adopted) of such party, (y) a Person to whom Common Shares are Transferred by such Holder by will or the laws of descent and distribution or (z) a trust established for the exclusive benefit of such party or his Permitted Transferees and for no other Person; and (ii) with respect to any other party, any Affiliate of such Holder.

"PERSON" means an individual, partnership, corporation, limited liability company, trust, joint stock company, association, joint venture, or any other entity or organization.

"TRANSFER" means, with respect to any security, (i) when used as a verb, to sell, assign, dispose of, exchange or otherwise transfer such security or any interest therein, whether directly or indirectly, or agree or commit to do any of the foregoing and (ii) when used as a noun, a direct or indirect sale, assignment, disposition, exchange or other transfer or any agreement or commitment to do any of the foregoing.

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Exhibit 5.1

[Letterhead of Proskauer Rose]

August 23, 2001

Cross Country, Inc.
6551 Park of Commerce Blvd, N.W.
Suite 200
Boca Raton, FL 33487

Ladies and Gentlemen:

We have acted as counsel to Cross Country, Inc., a Delaware corporation (the "Company"), in connection with the proposed initial public offering by the Company of up to 8,984,375 shares of the Company's common stock, par value $.0001 per share (the "Common Stock"), to be sold pursuant to the terms of the purchase agreement (the "Purchase Agreement") to be entered into by the Company and each of the Underwriters (as defined therein) for whom Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney, Banc of America Securities, Sun Trust Robinson-Humphrey and CIBC World Markets are acting as Representatives.

In connection with this opinion, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of our opinion, including: (a) the Amended and Restated Certificate of Incorporation of the Company; (b) the Amended and Restated By-laws of the Company; and (c) certain resolutions adopted by the Board of Directors and stockholders of the Company.

This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Act").

Based upon and subject to the foregoing, we are of the opinion that when (i) the Registration Statement on Form S-1 (File No. 333-64914) (the "Registration Statement") filed by the Company with Securities and Exchange Commission (the "Commission") becomes effective under the Act; (ii) the Purchase Agreement is duly executed and delivered by the parties thereto; and (iii) the shares of Common Stock are delivered to and paid for by the Underwriters as contemplated by the Purchase Agreement, the issuance and sale of the Common Stock will be duly authorized, and the Common Stock will be legally and validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement. We also consent to the reference to us under the caption "Legal Matters" in the Registration Statement.

Very truly yours,

/s/ Proskauer Rose LLP
Proskauer Rose LLP

Exhibit 10.7

CROSS COUNTRY STAFFING, INC.

AMENDED AND RESTATED

1999 STOCK OPTION PLAN

TABLE OF CONTENTS

CROSS COUNTRY STAFFING, INC.

AMENDED AND RESTATED

1999 STOCK OPTION PLAN

ARTICLE I

PURPOSE

The purpose of this Cross Country Staffing, Inc. Amended and Restated 1999 Stock Option Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer employees of and Consultants to the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of stock ownership by employees and Consultants in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Affiliate" means each of the following: (i) any Subsidiary; (ii) any Parent; (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (iv) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee.

2.2 "Award" means any award under this Plan of a Stock Option.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means, with respect to a Participant's Termination: (i) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's insubordination, dishonesty, fraud, incompetence, moral turpitude, misconduct, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of his or her duties for the Company or an Affiliate as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement that conditions "cause" on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. Notwithstanding the foregoing, a Participant shall be deemed to be terminated for "cause" if the Participant: (i) breaches the terms of any agreement between the Company and the Participant including, without limitation, an employment agreement or non-competition agreement or (ii) discloses to anyone outside the Company or its Affiliates, or uses in other than the Company's or its Affiliate's business, without written authorization from the Company, any confidential information or proprietary information, relating to the business of the Company or its Affiliates, acquired by the Participant prior to the Participant's Termination.

2.5 "CEP" means Charterhouse Equity Partners III, L.P., and its successors.

2.6 "Change in Control" has the meaning set forth in Article VIII.

2.7 "Code" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision.

2.8 "Committee" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of 2 or more non-employee directors; provided, however, that if and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

2.9 "Common Stock" means the Class A common stock, $.01 par value per share, of the Company.

2.10 "Company" means Cross Country Staffing, Inc., a Delaware corporation, and its successors.

2.11 "Consultant" means any advisor or consultant to the Company or its Affiliates.

2.12 "Disability" means a disability which would qualify as such under the Company's long-term disability plan. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

2.13 "Effective Date" means the effective date of this Plan as defined in Article XIII.

2.14 "Eligible Employee" means each employee of the Company or an Affiliate.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.16 "Fair Market Value" means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the price for Common Stock, as determined in good faith by the Committee and, prior to the initial public offering of the Common Stock of the Company, as agreed to by CEP and MSDWCP.

2.17 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.18 "MSDWCP" means a representative of Morgan Stanley Dean Witter Capital Partners IV, L.P. and its affiliated funds, and their respective successors.

2.19 "Non-Qualified Stock Option" means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.20 "Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.21 "Participant" means any Eligible Employee or Consultant to whom a Stock Option has been awarded under this Plan.

2.22 "Plan" means this Cross Country Staffing, Inc. Amended and Restated 1999 Stock Option Plan, as amended from time to time.

2.23 "Retirement" means a Termination without Cause by a Participant at or after age 65 or such earlier date after age 50 as may be approved by the Committee with regard to such Participant.

2.24 "Securities Act" means the Securities Act of 1933, as amended. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.25 "Stock Option" or "Option" means any option to purchase shares of Common Stock granted to Eligible Employees or Consultants under Article VI.

2.26 "Subsidiary" means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.27 "Substitute Options" means Stock Options issued in assumption of or substitution for stock options issued by a company acquired by the Company or with which the Company combines.

2.28 "Ten Percent Stockholder" means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.29 "Termination" means a Termination of Consultancy or Termination of Employment, as the case may be.

2.30 "Termination of Consultancy" means (i) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (ii) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate. In the event that a Consultant becomes an Eligible Employee upon the termination of his consultancy, the Committee, in its sole and absolute discretion, may determine that no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant or an Eligible Employee. The Committee may otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.

2.31 "Termination of Employment" means: (i) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate. In the event that an Eligible Employee becomes a Consultant upon the termination of his employment, the Committee, in its sole and absolute discretion, may determine that no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee or a Consultant. The Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.32 "Transfer" means anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer and "Transferred" has a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 THE COMMITTEE. The Plan shall be administered and interpreted by the Committee.

3.2 GRANTS OF AWARDS. The Committee shall have full authority to grant Stock Options to Eligible Employees and Consultants pursuant to the terms of this Plan. All Stock Options shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant. In particular, the Committee shall have the authority:

(a) to select from among those persons recommended by the President of the Company the Eligible Employees and Consultants to whom Stock Options may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options are to be granted hereunder to one or more Eligible Employees or Consultants after receipt of a recommendation by the President of the Company;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3(d);

(f) to determine whether, to what extent and under what circumstances to provide loans to Eligible Employees and Consultants in order to exercise Stock Options under this Plan;

(g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;

(h) to determine whether to require an Eligible Employee or Consultant, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of an Option for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Option or Award; and

(i) to modify, extend or renew an Award, subject to Article IX herein, provided, however, that if an Award is modified, extended or renewed and thereby deemed to be the issuance of a new Award under the Code or the applicable accounting rules, the exercise price of a Stock Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal.

3.3 GUIDELINES. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such foreign jurisdictions.

3.4 DECISIONS FINAL. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 PROCEDURES. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the

Committee members in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 DESIGNATION OF CONSULTANTS/LIABILITY.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent.

Expenses incurred by the Committee or Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Stock Option granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1 SHARES.

The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted shall not exceed 2,145,515* shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2) which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. If any Stock Option granted under this Plan other than a Substitute Option expires, terminates or is forfeited for any reason other than by reason of its exercise, the number of shares of Common Stock underlying such unexercised or forfeited Stock Option shall again be available for the purposes of Awards under this Plan.

In the event Substitute Options are granted pursuant to Section 5.4, the Committee may increase the aggregate number of shares of Common Stock available under the Plan for Non-Qualified Stock Options by the number of shares of Common Stock subject to such Substitute Options. The maximum number of shares of Common Stock which may be issued under this Plan with respect to Incentive Stock Options shall not be increased (subject to any increase or decrease pursuant to Section 4.2).

4.2 CHANGES.

(a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, or (vi) any other corporate act or proceeding.

(b) In the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital

structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, then

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* Note, this number reflects the stock split that occurred on August 23, 2001.

the Committee may take such action, if any, with respect to the Plan and outstanding Stock Options, as it may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, including, without limitation, adjustment of the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option granted under this Plan and the purchase price thereof. Any such action or adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class of the Company, any subdivision or consolidation of shares of stock of any class of the Company, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class of the Company, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Option has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

4.3 MINIMUM PURCHASE PRICE. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 NON-QUALIFIED STOCK OPTIONS. All Eligible Employees and Consultants and prospective employees of and Consultants to the Company and its Affiliates are eligible to be granted Non-Qualified Stock Options. Eligibility for the grant of a Non-Qualified Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 INCENTIVE STOCK OPTIONS. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under

this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.3 GENERAL REQUIREMENT. The vesting and exercise of Options granted to a prospective employee or Consultant are conditioned upon such individual actually becoming an Eligible Employee or Consultant.

5.4 SUBSTITUTE OPTIONS. Substitute Options may be granted by the Committee in its sole discretion to holders of stock options issued by a company acquired by the Company or with which the Company combines.

ARTICLE VI

STOCK OPTIONS

6.1 STOCK OPTIONS. Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (ii) a Non-Qualified Stock Option.

6.2 GRANTS. Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non- Qualified Stock Options or both types of Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall have the authority to grant any Consultant one or more Non-Qualified Stock Options. Notwithstanding any other provision of this Plan to the contrary or any provision in an agreement evidencing the grant of a Stock Option to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.

6.3 TERMS OF STOCK OPTIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) EXERCISE PRICE. The exercise price per share of Common Stock shall be determined by the Committee, but, except in the case of Substitute Options, shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price shall be no less than 110% of the Fair Market Value of the Common Stock.

(b) STOCK OPTION TERM. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.

(c) EXERCISABILITY. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Any decision by the Committee to waive such limitations must be first approved by each of CEP and MSDWCP.

(d) METHOD OF EXERCISE. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Stock Options may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, through a "cashless exercise" procedure whereby the Participant delivers irrevocable instructions to a broker

approved by the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) INCENTIVE STOCK OPTION LIMITATIONS. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible

Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(f) FORM, MODIFICATION, EXTENSION AND RENEWAL OF STOCK OPTIONS. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised).

(g) DEFERRED DELIVERY OF COMMON SHARES. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee.

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT/CONSULTANCY

7.1 NON-TRANSFERABILITY. No Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. No Stock Option shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Stock Option shall be void, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person.

7.2 TERMINATION OF EMPLOYMENT AND TERMINATION OF CONSULTANCY. The following rules apply with regard to the Termination of a Participant. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

(a) TERMINATION BY REASON OF DEATH, DISABILITY OR RETIREMENT. If a Participant's Termination is by reason of death, Disability or Retirement, all Stock Options held by

such Participant which are exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options; provided, however, that, in the case of Retirement, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(b) INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination is by involuntary termination without Cause, all Stock Options held by such Participant which are exercisable at the time of such Termination, may be exercised by the Participant at any time within a period of 90 days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(c) VOLUNTARY TERMINATION. If a Participant's Termination is voluntary (other than a voluntary termination described in Section 7.2(d)(ii) below), all Stock Options held by such Participant which are exercisable at the time of such Termination, may be exercised by the Participant at any time within a period of 30 days from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options.

(d) TERMINATION FOR CAUSE. If a Participant's Termination (i) is for Cause or (ii) is a voluntary termination (as provided in subsection (c) above) at any time after an event which would be grounds for a Termination for Cause, all Stock Options held by such Participant shall thereupon terminate and expire as of the date of such Termination.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

8.1 BENEFITS. In the event of a Change in Control of the Company, except as otherwise provided by the Committee upon the grant of a Stock Option, the Participant shall be entitled to the following benefits:

(a) Except to the extent provided in the applicable Stock Option agreement, the Participant's employment agreement with the Company or an Affiliate, as approved by

the Committee, or other written agreement approved by the Committee (as such agreement may be amended from time to time), Stock Options granted and not previously exercisable shall become exercisable upon a Change in Control, subject to subsection 8.1(b).

(b) Notwithstanding anything to the contrary herein, unless the Committee provides otherwise at the time a Stock Option is granted hereunder or thereafter, no acceleration of exercisability shall occur with respect to such Stock Options if the Committee reasonably determines in good faith, that the Stock Options shall be honored or assumed, or new rights substituted therefor (each such honored, assumed or substituted stock option hereinafter called an "Alternative Option"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Option must meet the following criteria:

(i) the Alternative Option must provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Stock Option, including, but not limited to, an identical or better exercise schedule; and

(ii) the Alternative Option must substantially comply and in the case of an Incentive Stock Option, must comply with the requirements of Treasury Regulation ss. 1.425-1 (and any amendments thereto), except that the Alternative Option need not be an Incentive Stock Option.

(c) If the Company and the other party to a transaction constituting a Change in Control agree that such transaction shall be treated as a "pooling of interests" for financial reporting purposes, and if the transaction is in fact so treated, then the acceleration of exercisability, vesting or lapse of the applicable Restriction Period shall not occur to the extent that the Company's independent public accountants determine in good faith that such acceleration would preclude "pooling of interests" accounting.

8.2 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred:

(a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than CEP, MSDWCP, the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of 2 consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company or a Subsidiary with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 35% of the combined voting power of the voting securities of the Company or such surviving entity or such surviving entity's parent outstanding immediately after such merger or consolidation; or

(d) upon the approval by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

8.3 INITIAL PUBLIC OFFERING NOT A CHANGE IN CONTROL. For purposes of the Plan, an initial public offering of the Common Stock of the Company shall not be deemed to be a Change in Control.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to

Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant. In no event may this Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under this Plan, decrease the minimum exercise price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

COMPANY CALL RIGHTS

10.1 COMPANY CALL RIGHTS. (a) In the event of Termination for Cause, the Company may repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option granted under this Plan at a repurchase price equal to the lesser of (i) the original purchase price or exercise price (as applicable), if any, or (ii) Fair Market Value as of the date of termination.

(b) In the event of a Termination for any reason other than for Cause (including termination due to Retirement, death, Disability, involuntary termination without Cause or resignation), the Company may at any time within 270 days after the date of such Termination: (i) repurchase from the Participant each outstanding vested Stock Option based on the greater of (A) the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of termination and (B) $.01 and (ii) repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option. In addition, the Company may at any time within 270 days after a Participant acquires shares of Common Stock upon the exercise of a Stock Option after the date of the event of Termination for any reason other than Cause, repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option.

10.2 EFFECT OF IPO. Notwithstanding the foregoing, the Company shall cease to have rights pursuant to this Article X following an initial public offering of the Common Stock of the Company.

ARTICLE XI

UNFUNDED PLAN

11.1 UNFUNDED STATUS OF PLAN. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 LEGEND. The Committee may require each person receiving shares pursuant to an Award under this Plan to represent to and agree

with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12.2 OTHER PLANS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

12.3 NO RIGHT TO EMPLOYMENT/CONSULTANCY. Neither this Plan nor the grant of any Award hereunder shall give any Participant or other employee or Consultant any right with respect to continuance of employment or consultancy by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any

Affiliate by which an employee is employed or a Consultant is retained to terminate his employment or consultancy at any time.

12.4 WITHHOLDING OF TAXES. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 LISTING AND OTHER CONDITIONS.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Option, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available

during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.6 STOCKHOLDERS AGREEMENT. As a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver a stockholder's agreement or such other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase, a right of first refusal of the Company with respect to shares, the right of the Company to purchase Common Stock in accordance with this Plan and such other terms as the Board or Committee shall from time to time establish. Such stockholder's agreement shall apply to all Common Stock acquired under the Plan.

12.7 GOVERNING LAW. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

12.8 CONSTRUCTION. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

12.9 OTHER BENEFITS. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

12.10 COSTS. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

12.11 NO RIGHT TO SAME BENEFITS. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.

12.12 DEATH/DISABILITY. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

12.13 SUCCESSORS AND ASSIGNS. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

12.14 SEVERABILITY OF PROVISIONS. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

12.15 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

13.1 The Plan shall become effective upon adoption by the Board, subject to the approval of this Plan by the stockholders of the

Company in accordance with the requirements of the laws of the State of Delaware, or such later date as provided in the adopting resolution.

ARTICLE XIV

TERM OF PLAN

14.1 No Stock Option shall be granted pursuant to this Plan on or after the tenth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, but Stock Options granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Options shall, extend beyond that date.

Exhibit 10.8

CROSS COUNTRY STAFFING, INC.

AMENDED AND RESTATED

EQUITY PARTICIPATION PLAN

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CROSS COUNTRY STAFFING, INC.

AMENDED AND RESTATED

EQUITY PARTICIPATION PLAN

ARTICLE I

PURPOSE

The purpose of this Cross Country Staffing, Inc. Amended and Restated Equity Participation Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer key management employees of the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of stock ownership by key management employees in order to attract, retain and reward such employees and strengthen the mutuality of interests between such employees and the Company's stockholders.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Affiliate" means each of the following: (i) any Subsidiary; (ii) any Parent; (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (iv) any other entity in which the Company or any of its Affiliates has a material equity interest and

which is designated as an "Affiliate" by resolution of the Committee.

2.2 "Award" means any award under this Plan of a Stock Option.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means, with respect to a Participant's Termination of Employment: (i) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the

Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's insubordination, dishonesty, fraud, incompetence, moral turpitude, misconduct, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of his or her duties for the Company or an Affiliate as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement that conditions "cause" on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter.

2.5 "CEP" means Charterhouse Equity Partners III, L.P., and its successors.

2.6 "Change in Control" has the meaning set forth in Article VIII.

2.7 "Code" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision.

2.8 "Committee" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of 2 or more non-employee directors; provided, however, that if and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

2.9 "Common Stock" means the Class A common stock, $.01 par value per share, of the Company.

2.10 "Company" means Cross Country Staffing, Inc., a Delaware corporation, and its successors.

2.11 "Consultant" means any advisor or consultant to the Company or its Affiliates.

2.12 "Detrimental Activity" means (i) the disclosure to anyone outside the Company or its Affiliates, or the use in other than the Company's or its Affiliate's business, without written authorization from the Company, of any confidential information or proprietary information, relating to the business of the Company or its Affiliates, acquired by a Participant prior to the Participant's Termination of

Employment; (ii) activity while employed that results, or if known could result, in the Participant's Termination of Employment that is classified by the Company as a termination for Cause; (iii) any attempt, directly or indirectly, to solicit, induce or hire (or the identification for solicitation, inducement or hire) any non-clerical employee of the Company or its Affiliates to be employed by, or to perform services for, the Participant or any person or entity with which the Participant is associated (including, but not limited to, due to the Participant's employment by, consultancy for, equity interest in, or creditor relationship with such person or entity) or any person or entity from which the Participant receives direct or indirect compensation or fees as a result of such solicitation, inducement or hire (or the identification for solicitation, inducement or hire) without, in all cases, written authorization from the Company; (iv) any attempt, directly or indirectly, to solicit in a competitive manner any current customer of the Company or its Affiliates without, in all cases, written authorization from the Company; (v) the Participant's Disparagement, or inducement of others to do so, of the Company or its Affiliates or their past and present officers, directors, employees or products; (vi) without written authorization from the Company, the rendering of services for any

organization, or engaging, directly or indirectly, in any business, which is competitive with the Company or its Affiliates, or which organization or business, or the rendering of services to such organization or business, is otherwise prejudicial to or in conflict with the interests of the Company or its Affiliates, provided, however, that competitive activities shall only be those competitive with any business unit or Affiliate of the Company with regard to which the Participant performed services at any time within the 2 years prior to the Participant's Termination of Employment; (vii) the Participant's breach of the terms of any agreement between the Company and the Participant including, without limitation, an employment agreement or non-competition agreement; or (viii) except as otherwise provided in the applicable Stock Option agreement, any other conduct or act determined by the Committee, in its sole discretion, to be injurious, detrimental or prejudicial to any interest of the Company or its Affiliates. For purposes of subparagraphs (i), (iii), (iv) and (vi) above, the Chief Executive Officer and the General Counsel of the Company shall each have authority, subject to the prior approval of the Board, to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

2.13 "Disability" means a disability which would qualify as such under the Company's long-term disability plan. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

2.14 "Disparagement" means (unless modified in the applicable Stock Option agreement) making comments or statements to the press, the Company's or its Affiliates' employees or any individual or entity with whom the Company or its Affiliates has a business relationship which would adversely affect in any manner: (i) the conduct of the business of the Company or its Affiliates (including, without

limitation, any products or business plans or business prospects), or (ii) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.

2.15 "Effective Date" means the effective date of this Plan as defined in Article XIII.

2.16 "Eligible Employee" means each key management employee of the Company or an Affiliate.

2.17 "Exchange Act" means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.18 "Fair Market Value" means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code, any regulations issued thereunder or as provided in the applicable Stock Option agreement, as of any date, the price for Common Stock consistently applied on such date, as determined in good faith by the Committee and, prior to the initial public offering of the Common Stock of the Company, as agreed to by CEP and MSDWCP.

2.19 "Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than 50% of the voting interests.

2.20 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.21 "MSDWCP" means a representative of Morgan Stanley Dean Witter Capital Partners IV, L.P. and its affiliated funds, and their respective successors.

2.22 "Non-Qualified Stock Option" means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.23 "Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.24 "Participant" means any Eligible Employee to whom a Stock Option has been awarded under this Plan.

2.25 "Plan" means this Cross Country Staffing, Inc. Amended and Restated Equity Participation Plan, as amended from time to time.

2.26 "Retirement" means a Termination of Employment without Cause by a Participant at or after age 65 or such earlier date after age 50 as may be approved by the Committee with regard to such Participant.

2.27 "Securities Act" means the Securities Act of 1933, as amended. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.28 "Stock Option" or "Option" means any option to purchase shares of Common Stock granted to Eligible Employees under Article VI.

2.29 "Subsidiary" means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.30 "Ten Percent Stockholder" means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.31 "Termination of Employment" means: (i) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate. In the event that an Eligible Employee becomes a Consultant upon the termination of his employment, the Committee, in its sole and absolute discretion, may determine that no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee or a Consultant. The Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.32 "Transfer" means anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer and "Transferred" has a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 THE COMMITTEE. The Plan shall be administered and interpreted by the Committee.

3.2 GRANTS OF AWARDS. The Committee shall have full authority to grant Stock Options to Eligible Employees pursuant to the terms of this Plan. All Stock Options shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant. In particular, the Committee shall have the authority:

(a) to select from among those persons recommended by the President of the Company the Eligible Employees to whom Stock Options may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options are to be granted hereunder to one or more Eligible Employees after receipt of a recommendation by the President of the Company;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3(d);

(f) to determine whether, to what extent and under what circumstances to provide loans to Eligible Employees in order to exercise Stock Options under this Plan;

(g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option; provided, however, that a Stock Option shall be, to the extent practicable, designated as an Incentive Stock Option;

(h) to determine whether to require an Eligible Employee, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of an Option for a

period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Option or Award; and

(i) to modify, extend or renew an Award, subject to Article IX herein, provided, however, that if an Award is modified, extended or renewed and thereby deemed to be the issuance of a new Award under the Code or the applicable accounting rules, the exercise price of a Stock Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal.

3.3 GUIDELINES. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such foreign jurisdictions.

3.4 DECISIONS FINAL. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 PROCEDURES. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 DESIGNATION OF CONSULTANTS/LIABILITY.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or Board in the engagement of any such counsel,

consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Stock Option granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1 SHARES.

(a) The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted shall not exceed 2,252,485* shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2) which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both.

(b) Stock Options granted under the Plan shall be sub-divided into 5 tranches (as described more fully in Section 6.2). The number of shares of Common Stock available for each tranche shall be as follows:

TRANCHE	NUMBER OF SHARES SUBJECT TO TRANCHE
1	79,070
2	148,837
3	148,837
4	32,558
5	32,558

(c) If any Stock Option granted under this Plan expires, terminates or is forfeited for any reason other than by reason of its exercise, the number of shares of Common Stock underlying such unexercised or forfeited Stock Option shall again be available for the purposes of Awards under this Plan.

4.2 CHANGES.

(a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, or (vi) any other corporate act or proceeding.

(b) In the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, merger, consolidation, spin-off,

* Note, the number reflects the stock split that occured on August 23, 2001.

reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, then the Committee may take such action, if any, with respect to the Plan and outstanding Stock Options, as it may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, including, without limitation, adjustment of the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option granted under this Plan and the purchase price thereof. Any such action or adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class of the Company, any subdivision or consolidation of shares of stock of any class of the Company, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class of the Company, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Option has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

4.3 MINIMUM PURCHASE PRICE. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 NON-QUALIFIED STOCK OPTIONS. All Eligible Employees are eligible to be granted Non-Qualified Stock Options. Eligibility for the grant of a Non-Qualified

Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 INCENTIVE STOCK OPTIONS. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

ARTICLE VI

STOCK OPTIONS

6.1 STOCK OPTIONS. Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (ii) a Non-Qualified Stock Option.

6.2 GRANTS. (a) Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or

otherwise), such Stock Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. Notwithstanding any other provision of this Plan to the contrary or any provision in an agreement evidencing the grant of a Stock Option to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.

(b) Each Stock Option granted under the Plan shall be sub-divided into 5 tranches. The number of shares of Common Stock in each tranche for any Stock Option shall be the total number of shares of Common Stock subject to the Stock Option multiplied by the applicable percentage for such tranche in the following table:

TRANCHE	PERCENTAGE OF SHARES SUBJECT TO TRANCHE
1	17.8947368%
2	33.6842105%
3	33.6842105%
4	7.368421%
5	7.368421%

6.3 TERMS OF STOCK OPTIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) EXERCISE PRICE. Stock Options under this Plan shall be exercisable at the exercise prices set forth in the following table; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price of the first tranche shall be no less than 110% of the Fair Market Value of the Common Stock at the time of grant:

TRANCHE	EXERCISE PRICE OF OPTIONS GRANTED	ACTUAL EXERCISE PRICE OF OPTIONS GRANTED ON THE EFFECTIVE DATE
1	100% of Fair Market Value on Date of Grant	$ 44.96
2	150% of Fair Market Value on Date of Grant	$ 67.44
3	200% of Fair Market Value on Date of Grant	$ 89.92
4	250% of Fair Market Value on Date of Grant	$ 112.40
5	300% of Fair Market Value on Date of Grant	$ 134.88

(b) STOCK OPTION TERM. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.

(c) EXERCISABILITY. Except as otherwise provided by the Committee in accordance with the provisions of this Section, 25% of each tranche of any Stock Option granted under this Article VI shall be exercisable on the first anniversary of the date of grant and 12.5% of each tranche of any Stock Option granted under this Article VI shall be exercisable at the end of each six-month period thereafter. Notwithstanding the foregoing, Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such

limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Unless otherwise determined by the Committee at grant, the grant shall provide that (i) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (ii) as a condition of the exercise of a Stock Option, the Participant shall be required to certify at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, (iii) in the event the Participant engages in Detrimental Activity during the 6 month period commencing on the date the Stock Option is exercised, the Company shall be entitled to recover from the Participant at any time within one year after such exercise, and the Participant shall pay over to the Company, any gain realized as a result of the exercise (whether at the time of exercise or thereafter), (iv) any decision by the Committee to waive such limitations must be first approved by each of CEP and MSDWCP and (v) the foregoing provisions described in (i), (ii), (iii) and (iv) shall cease to apply upon a Change in Control.

(d) METHOD OF EXERCISE. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Stock Options may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, through a "cashless exercise" procedure whereby the Participant delivers irrevocable instructions to a broker approved by the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) INCENTIVE STOCK OPTION LIMITATIONS. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the

Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(f) FORM, MODIFICATION, EXTENSION AND RENEWAL OF STOCK OPTIONS. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised).

(g) DEFERRED DELIVERY OF COMMON SHARES. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee.

ARTICLE VII

NON-TRANSFERABILITY AND

TERMINATION OF EMPLOYMENT

7.1 NON-TRANSFERABILITY. Except as provided herein, no Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. No Stock Option shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Stock Option shall be void, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable

pursuant to this Section 7.1 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non- Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of this Plan and the Stock Option agreement. Any shares of Common Stock acquired upon the exercise of a Stock Option by a transferee of a Stock Option shall be subject to the terms of this Plan and the Stock Option agreement, including, without limitation, the provisions of Article X hereof.

7.2 TERMINATION OF EMPLOYMENT. The following rules apply with regard to the Termination of Employment of a Participant. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

(a) TERMINATION BY REASON OF DEATH, DISABILITY OR RETIREMENT. If a Participant's Termination of Employment is by reason of death, Disability or Retirement, all Stock Options held by such Participant which are exercisable at the time of the Participant's Termination of Employment, may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination of Employment, but in no event beyond the expiration of the stated terms of such Stock Options; provided, however, that, in the case of Retirement, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(b) INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination of Employment is by involuntary termination without Cause, all Stock Options held by such Participant which are exercisable at the time of such Termination of Employment, may be exercised by the Participant at any time within a period of 90 days from the date of such Termination of Employment, but in no event beyond the expiration of the stated term of such Stock Options.

(c) VOLUNTARY TERMINATION. If a Participant's Termination of Employment is voluntary (other than a voluntary termination described in Section 7.2(d)(ii) below), all Stock Options held by such Participant which are exercisable at the time of such Termination of Employment, may be exercised by the Participant at any time within a period of 30 days from the date of such Termination of Employment, but in no event beyond the expiration of the stated terms of such Stock Options.

(d) TERMINATION FOR CAUSE. If a Participant's Termination of Employment (i) is for Cause or (ii) is a voluntary termination (as provided in

subsection (c) above) at any time after an event which would be grounds for a Termination of Employment for Cause, all Stock Options held by such Participant shall thereupon terminate and expire as of the date of such Termination of Employment.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

8.1 BENEFITS. In the event of a Change in Control of the Company, except as otherwise provided by the Committee upon the grant of a Stock Option, the Participant shall be entitled to the following benefits:

(a) Except to the extent provided in the applicable Stock Option

agreement, the Participant's employment agreement with the Company or an Affiliate, as approved by the Committee, or other written agreement approved by the Committee (as such agreement may be amended from time to time), Stock Options granted and not previously exercisable shall become exercisable upon a Change in Control, subject to subsection 8.1(b).

(b) Notwithstanding anything to the contrary herein, unless the Committee provides otherwise at the time a Stock Option is granted hereunder or thereafter, no acceleration of exercisability shall occur with respect to such Stock Options if the Committee reasonably determines in good faith that the Stock Options shall be honored or assumed, or new rights substituted therefor (each such honored, assumed or substituted stock option hereinafter called an "Alternative Option"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Option must meet the following criteria:

(i) the Alternative Option must provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Stock Option, including, but not limited to, an identical or better exercise schedule; and

(ii) the Alternative Option must substantially comply and in the case of an Incentive Stock Option must comply with the requirements of Treasury Regulation ss. 1.425-1 (and any amendments thereto), except that the Alternative Option need not be an Incentive Stock Option.

(c) If the Company and the other party to a transaction constituting a Change in Control agree that such transaction shall be treated as a "pooling of interests" for financial reporting purposes, and if the transaction is in fact so treated, then the acceleration of exercisability, vesting or lapse of the applicable

Restriction Period shall not occur to the extent that the Company's independent public accountants determine in good faith that such acceleration would preclude "pooling of interests" accounting.

8.2 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred:

(a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than CEP, MSDWCP, the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of 2 consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company or a Subsidiary with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 35% of the combined voting power of the voting securities of the Company or such surviving entity or such surviving entity's parent outstanding immediately after such merger or consolidation; or

(d) upon the approval by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or

more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

8.3 INITIAL PUBLIC OFFERING NOT A CHANGE IN CONTROL. For purposes of the Plan, an initial public offering of the Common Stock of the Company shall not be deemed to be a Change in Control.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant. In no event may this Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under this Plan, decrease the minimum exercise price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

COMPANY CALL RIGHTS AND OTHER LIMITATIONS

10.1 COMPANY CALL RIGHTS. (a) In the event of Termination of Employment for Cause, the Company may repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option granted under this Plan at a repurchase price equal to the lesser of (i) the original purchase price or exercise price (as applicable), if any, or (ii) Fair Market Value as of the date of termination.

(b) In the event of a Termination of Employment for any reason other than for Cause (including termination due to Retirement, death, Disability, involuntary termination without Cause or resignation), the Company may at any time within 270

days after a Participant incurs a Termination of Employment or acquires shares of Common Stock upon the exercise of a Stock Option following his or her Termination of Employment for any reason other than for Cause: (i) repurchase from the Participant each outstanding vested Stock Option based on the greater of (A) the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of termination and (B) $.01 and (ii) repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option.

10.2 LIMITATIONS ON TRANSFER OF SHARES. A Participant only may, directly or indirectly, Transfer shares of Common Stock acquired by the Participant (or his or her estate or legal representative) through the exercise of an Option under this Plan in the same proportion to the aggregate amount of shares of Common Stock sold by CEP and MSDWCP to entities which are not Affiliates for cash or marketable securities.

10.3 EFFECT OF IPO. Notwithstanding the foregoing, the Company shall cease to have rights pursuant to Section 10.1 following an initial public offering of the Common Stock of the Company.

ARTICLE XI

UNFUNDED PLAN

11.1 UNFUNDED STATUS OF PLAN. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any

payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 LEGEND. The Committee may require each person receiving shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12.2 OTHER PLANS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

12.3 NO RIGHT TO EMPLOYMENT. Neither this Plan nor the grant of any Award hereunder shall give any Participant any right with respect to continuance of employment by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed to terminate his employment at any time.

12.4 WITHHOLDING OF TAXES. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 LISTING AND OTHER CONDITIONS.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Option, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become

available during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.6 STOCKHOLDERS AGREEMENT. As a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver a stockholder's agreement or such other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase (including Section 10.2), a right of first refusal of the Company with respect to shares, the right of the Company to purchase Common Stock in accordance with this Plan and such other terms as the Board or Committee shall from time to time establish. Such stockholder's agreement shall apply to all Common Stock acquired under the Plan.

12.7 GOVERNING LAW. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

12.8 CONSTRUCTION. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

12.9 OTHER BENEFITS. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

12.10 COSTS. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

12.11 NO RIGHT TO SAME BENEFITS. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.

12.12 DEATH/DISABILITY. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

12.13 SUCCESSORS AND ASSIGNS. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

12.14 SEVERABILITY OF PROVISIONS. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

12.15 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

13.1 The Plan shall become effective upon adoption by the Board, subject to the approval of this Plan by the stockholders of the Company in accordance with the requirements of the laws of the State of Delaware, or such later date as provided in the adopting resolution.

ARTICLE XIV

TERM OF PLAN

14.1 No Stock Option shall be granted pursuant to this Plan on or after the tenth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, but Stock Options granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Options shall, extend beyond that date.

EXHIBIT 23.1(A)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 7, 2001, except for the third paragraph of Note 11, as to which the date is August 23, 2001, in Amendment No. 1 to the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated August 23, 2001.

/S/ ERNST & YOUNG LLP

West Palm Beach, FL
August 23, 2001

EXHIBIT 23.1(B)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 10, 2000 related to the consolidated financial statements of TravCorps Corporation and Subsidiary, in Amendment No. 1 to the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated August 23, 2001.

/S/ ERNST & YOUNG LLP

Boston, Massachusetts
August 22, 2001

EXHIBIT 23.1(C)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated April 26, 2001 related to the consolidated financial statements of ClinForce, Inc. in Amendment No. 1 to the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated August 23, 2001.

/S/ ERNST & YOUNG LLP

Raleigh, North Carolina
August 23, 2001

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated November 5, 1999, except for Note 8 as to which the date is December 16, 1999, relating to the financial statements of Cross Country Staffing, a Partnership, as of July 29, 1999 and December 31, 1998 and for the period from January 1, 1999 through July 29, 1999 and for the year ended December 31, 1998, which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
August 22, 2001

EXHIBIT 23.3

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Amendment No. 1 to the Registration Statement No. 333-64914 of Cross Country Inc. on Form S-1 of our report dated March 12, 1999 related to the consolidated financial statements of TravCorps Corporation and Subsidiary for the year ended December 26, 1998, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP
Boston, Massachusetts
August 21, 2001