

CROSS COUNTRY HEALTHCARE INC  
Form 424B2  
November 15, 2006

**Filed Pursuant to Rule 424(b)(2)**

**Registration No. 333-120189**

**PROSPECTUS SUPPLEMENT**

**(To Prospectus Dated November 15, 2004)**

**4,000,000 Shares**

**Common Stock**

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Charterhouse Equity Partners III, L.P. and CHEF Nominees Limited identified in this prospectus supplement and the accompanying prospectus together as the selling stockholders, are offering 4,000,000 shares of our common stock. We are not selling any shares of common stock under this prospectus supplement and the accompanying prospectus and will not receive any of the proceeds from the sale of shares by the selling stockholders. Prior to this offering, the selling stockholders owned approximately 20.2% of our issued and outstanding common stock.

Our common stock is listed on the Nasdaq National Market under the symbol CCRN. The last reported sale price of our common stock on November 10, 2006 was \$22.03 per share.

**See Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and beginning on page 2 of the accompanying prospectus to read about factors you should consider before buying shares of our common stock.**

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

The underwriter will purchase the shares from the selling stockholders at a price of \$20.60 per share, resulting in aggregate proceeds of \$82,400,000 to the selling stockholders. The shares may be offered by the underwriter from time to time to purchasers directly or through agents, or through brokers in brokerage transactions on the Nasdaq National Market, or to dealers in negotiated transactions or in a combination of such methods of sale, at a fixed price or prices, which may be changed, or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

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The selling stockholders have granted to the underwriter the option to purchase up to an additional 600,000 shares of our common stock on the same terms and conditions as set forth above, solely to cover over-allotments, if any.

The underwriter expects to deliver the shares against payment in New York, New York on November 17, 2006.

**Citigroup**

Prospectus Supplement dated November 13, 2006.

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No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the common stock being offered by the selling stockholders. The second part, the accompanying prospectus dated November 15, 2004, gives more general information about the common stock which may be sold by the selling stockholders. You should read the entire prospectus supplement, the accompanying prospectus, as well as the information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. Neither we nor the selling stockholders have authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. Under no circumstances should the delivery to you of this prospectus supplement and the accompanying prospectus or any sale made pursuant to this prospectus supplement create any implication that the information contained in this prospectus supplement and the accompanying prospectus is correct as of any time after the date of this prospectus supplement.

Unless we indicate otherwise, references in this prospectus supplement to Cross Country, we, our and us are to Cross Country Healthcare, Inc. and its consolidated subsidiaries.

## THE OFFERING

Common stock offered by the selling stockholders	4,000,000 shares.
Common stock to be outstanding immediately after the offering	32,015,023 shares.
Use of proceeds	We will not receive any proceeds from the sale of shares by the selling stockholders.
Nasdaq symbol	CCRN .
The number of shares outstanding after the offering is based on the number of common shares outstanding as of November 9, 2006.	

All of the shares of common stock in this offering are being sold by the selling stockholders. Prior to this offering, the selling stockholders owned approximately 20.2% of our issued and outstanding common stock.

Two members of our current board of directors were designated for nomination to the board by the selling stockholders. Under our stockholders' agreement, the selling stockholders had the right to designate two directors for nomination to our board of directors prior to this offering. After the offering, the number of directors the selling stockholders have the right to designate will decrease to one director. Both directors designated by the selling stockholders are expected to continue to serve the remainder of their terms as directors. See Selling Stockholders.

## Risk Factors

In considering whether to purchase our common stock, you should carefully consider all of the information that we have included or incorporated by reference in this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors beginning on page 11 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and beginning on page 2 of the accompanying prospectus.

## USE OF PROCEEDS

We will not receive any proceeds from the sale of the common stock covered by this prospectus supplement.

## SELLING STOCKHOLDERS

The following table sets forth information as of November 9, 2006 with respect to common stock beneficially owned by the selling stockholders.

Name	Shares Beneficially Owned Prior to Offering (a)		Number of Shares Offered	Shares Beneficially Owned After Offering (a)	
	Number	Percent (b)		Number	Percent (b)
Charterhouse Equity Partners III, L.P.(c)	6,458,934	20.2%	3,997,502	2,461,432	7.7%
CHEF Nominees Limited	4,048	0.013%	2,498	1,550	0.005%

(a)

For purposes of this table, 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 table. 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 of the date of this table is deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. Additionally, the Shares Beneficially Owned After Offering column assumes that the over-allotment option has not been exercised.

(b)

Percentage ownership calculations are based on 32,015,023 shares of common stock outstanding as of November 9, 2006.

(c)

The general partner of Charterhouse Equity Partners III, L.P. is CHUSA Equity Investors III, L.P., whose general partner is CEP III, Inc., a wholly owned subsidiary of Charterhouse Group, Inc. ( Charterhouse ). Thomas C. Dircks, a director of Cross Country, is an executive officer and director of Charterhouse. C. Taylor Cole Jr., a director of Cross Country, is an executive officer of Charterhouse. Messrs. Dircks and Cole were designated by the selling stockholders for nomination to our board of directors pursuant to the right of the selling stockholders to make such designation under our stockholders agreement. After the offering, the number of directors the selling stockholders have the right to designate will decrease to one director. Messrs. Dircks and Cole are expected to continue to serve the remainder of their terms as directors.

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## UNDERWRITING

Subject to the terms and conditions of the underwriting agreement dated November 13, 2006, Citigroup Global Markets Inc., who we refer to as the underwriter, has agreed to purchase all of the shares offered hereby. The underwriting agreement provides that the obligation of the underwriter to purchase the shares included in this offering is subject to approval of legal matters by counsel and to other conditions. The underwriter is obligated to purchase all the shares if they purchase any of the shares.

The shares may be offered by the underwriter from time to time to purchasers directly or through agents, or through brokers in brokerage transactions on the Nasdaq National Market, or to dealers in negotiated transactions or in a combination of such methods of sale, at prices related to such prevailing market prices or at negotiated prices.

The difference between the price at which the underwriter purchases shares from the selling stockholders and the price at which the underwriter resells such shares, which may include a commission equivalent of up to \$0.05 per share, may be deemed underwriting compensation.

The expenses of this offering, not including any underwriting discount, are estimated to be \$135,000 and are payable by us.

The selling stockholders have granted the underwriter an option, which may be exercised within 30 days after the date of this prospectus supplement, to purchase up to an aggregate of 600,000 additional shares of common stock from the selling stockholders, to cover over-allotments, if any. If the underwriter exercises this option in whole or in part, the underwriter will be committed, subject to certain conditions, to purchase these additional shares of common stock, and the selling stockholders will be obligated to sell these additional shares to the underwriter. The underwriter may exercise this option only to cover over-allotments made in connection with the sale of the shares of common stock covered by this prospectus supplement. These additional shares will be sold by the underwriter on the same terms as those on which the shares offered by this prospectus supplement are being sold.

Our common stock is listed on the Nasdaq National Market under the symbol CCRN.

The Company and the selling stockholders have agreed, subject to limited exceptions, that for a period of 60 days from the date of this prospectus supplement, we and they will not, without the prior written consent of the underwriter, offer sell, contract, to sell, pledge or otherwise dispose of any shares of our common stock or any securities convertible into or exchangeable for our common stock. The underwriter in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice. See Selling Stockholders.

In connection with the offering, the underwriter may purchase and sell shares of common stock in the open market. These transactions may include short sales and stabilizing transactions. Short sales involve sales of common stock in excess of the number of shares to be purchased by the underwriter in the offering, which creates a short position. The underwriter must close out any short position by purchasing shares of common stock in the open market. A short position is more likely to be created if the underwriter is concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common stock. They may also cause the price of the common stock to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriter may conduct these transactions on the Nasdaq



National Market or in the over-the-counter market, or otherwise. If the underwriter commences any of these transactions, it may discontinue them at any time.

The underwriter has 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.

We and the selling stockholders have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriter may be required to make because of any of those liabilities.

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## **United Kingdom**

This prospectus supplement is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive ("Qualified Investors") that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant persons should not act or rely on this document or any of its contents.

## **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") an offer of securities described in this prospectus supplement may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of shares may be made to the public in that Relevant Member State at any time:

to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

in any other circumstances which do not require the publication by the issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of securities described in this prospectus supplement and the accompanying prospectus located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares,

as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **LEGAL MATTERS**

Certain legal matters with respect to the shares of common stock offered hereby will be passed upon for Cross Country Healthcare, Inc. by Proskauer Rose LLP, New York, New York. Certain legal matters related to the offering will be passed upon for the selling stockholders by Proskauer Rose LLP, New York, New York. Certain legal matters related to the offering will be passed upon for the underwriter by Debevoise & Plimpton LLP, New York, New York.

### **EXPERTS**

The consolidated financial statements of Cross Country Healthcare, Inc. appearing in Cross Country Healthcare, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 2005 (including schedule appearing therein), and Cross Country Healthcare, Inc. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its reports thereon, included therein, and incorporated herein by

reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

### **INCORPORATION BY REFERENCE**

The SEC allows companies to incorporate by reference information filed with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference in this prospectus supplement and the accompanying prospectus is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference our Annual Report on Form 10-K for the fiscal year ended December 31, 2005; our Proxy Statement on Schedule 14A filed with the SEC on April 11, 2006; our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2006, June 30, 2006 and September 30, 2006; and our Current Reports on Form 8-K filed on April 10, 2006 and July 18, 2006; and any future filings that we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934.

You may request a copy of these filings, at no cost, by writing or telephoning our Secretary at the following address:

Cross Country Healthcare, Inc.

6551 Park of Commerce Boulevard, N.W.

Boca Raton, Florida 33487

(561) 998-2232

You should rely only on the information or representations provided in this prospectus supplement and the accompanying prospectus. We have authorized no one to provide you with different information. We are not making an offer of these shares of Common Stock in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of these documents.

**PROSPECTUS**

**11,403,455 Shares**

**Common Stock**

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This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using the shelf registration process. It relates to the public offering, which is not being underwritten, of 11,403,455 shares of our common stock, \$0.0001 par value per share ( Common Stock ), that are held by the selling stockholders identified on page 7 of this prospectus. We issued such shares to the selling stockholders in connection with our initial organization in July 1999 as well as in connection with our acquisition of TravCorps Corporation in December 1999. Neither the Company nor any members of management are issuing or selling any shares pursuant to this registration statement.

The selling stockholders may sell these shares from time to time directly or through agents or underwriters or dealers in the over-the-counter market in regular brokerage transactions, in transactions directly with market makers or in privately negotiated transactions. For additional information on the methods of sale that may be used by the selling stockholders, see the section entitled Plan of Distribution beginning on page 9. We will not receive any of the proceeds from the sale of these shares. We will bear the costs relating to the registration of these shares.

Our Common Stock is listed on the Nasdaq National Market under the symbol CCRN. On November 1, 2004, the last reported sale price for our Common Stock on the Nasdaq National Market was \$14.96 per share.

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**Investing in our Common Stock involves significant risks. See Risk Factors beginning on page 2.**

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We and the selling stockholders have agreed to certain indemnification arrangements. See the section entitled Plan of Distribution beginning on page 9.

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

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November 15, 2004



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**You should rely only on the information contained or incorporated by reference in this prospectus and in any accompanying prospectus supplement. We have not authorized anyone to provide you with different information.**

**The shares of Common Stock are not being offered in any jurisdiction where the offer is not permitted.**

**You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of the prospectus or prospectus supplement.**

## OUR COMPANY

### HEALTHCARE STAFFING

#### **Nurse and Allied Health Staffing and Recruiting**

We are a leading provider of travel nurse staffing services in the U.S. We also provide per diem nurse staffing and allied health professional staffing services. We market our healthcare staffing services to hospitals and healthcare facilities through our Cross Country Staffing organization and our Med-Staff subsidiary to provide our clients with fixed-term travel and flexible-term per diem staffing solutions. Cross Country Staffing provides clients with an integrated suite of solutions to optimize their workforce efficiencies while decreasing overall staffing costs that include technology, interview servicing, single source provider and vendor management capabilities. Med-Staff provides travel and per diem nurse staffing solutions to hospitals as well as to military hospitals and clinics. Our client base includes more than 3,000 hospitals 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. As a result, we have no direct exposure to Medicare or Medicaid reimbursements.

We provide credentialed nurses primarily for staffing assignments at public and private healthcare facilities, and for-profit and not-for-profit facilities located predominantly throughout the U.S. The vast majority of our assignments are at acute care hospitals, including teaching institutions, trauma centers and community hospitals located in major metropolitan areas. We also provide other healthcare professionals, which include operating room technicians, therapists, and other allied health professionals, such as radiology technicians, rehabilitation therapists and respiratory therapists, in a wide range of specialties.

We operate differentiated nurse recruiting brands consisting of Cross Country TravCorps, Med-Staff, NovaPro, Cross Country Local and Assignment America to recruit nurses and allied healthcare professionals on a domestic and international basis. We believe that these professionals are attracted to us because we offer them high levels of customer service, competitive compensation and benefits packages, as well as a wide range of diverse assignments at attractive locations primarily throughout the U.S.

#### **Clinical Trials Staffing**

Through our ClinForce brand, we provide clinical research professionals for in-sourced and out-sourced fixed-term contract assignments and permanent placement to many of the world's leading companies in the pharmaceutical, biotechnology, medical device, contract research organization and related clinical research organization clients in



North America. Many of our research trials professionals are also registered nurses.

## **OTHER HUMAN CAPITAL MANAGEMENT SERVICES**

### **Education and Training Services**

Cross Country University provides continuing education programs to the healthcare industry. CCU holds one-day seminars, as well as national conferences, on topics relevant to nurses and other healthcare professionals.

### **Search and Recruitment**

Cejka Search is a nationally recognized retained search organization providing physician search services and executive search services exclusively to the healthcare industry, including hospitals, pharmaceutical companies, insurance companies and physician groups.

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## **RISK FACTORS**

*You should carefully consider the following risk factors, as well as the other information contained in this prospectus or any supplemental prospectus hereto or incorporated by reference in this prospectus, before purchasing any of our Common Stock.*

***Although demand for outsourced nurse staffing has declined from the historically high levels reached during the peak years of 2000 and 2001, industry dynamics are such that we are still unable to recruit enough nurses to meet our clients' demands for our nurse staffing services, limiting the potential growth of our nurse staffing business.***

We rely significantly on our ability to attract, develop and retain nurses and other healthcare professionals 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. Although demand by our clients has slowed down, at this time we still 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 nurse staffing business. Furthermore, we believe that the aging of the existing nurse population and lower enrollments in nursing schools will further exacerbate the existing nurse shortage.

***Terrorist attacks or armed conflict could adversely affect our normal business activity and results of operations***

In the aftermath of the terrorist at