
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 30, 2008

Hudson Highland Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-50129

(Commission File Number)

59-3547281

(IRS Employer Identification No.)

560 Lexington Avenue

New York, NY 10022

(Address of Principal Executive Offices)

Registrant's telephone number, including area code (212) 351-7300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (16 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (16 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (16 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (16 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On July 30, 2008, Hudson Highland Group, Inc. issued a press release announcing its financial results for the quarter and six months ended June 30, 2008. A copy of such press release is furnished as Exhibit 99.1 to this Current Report.

Also on July 30, 2008, Hudson Highland Group, Inc. posted on its web site a Letter to Shareholders, Employees and Friends, which discusses results for the quarter and six months ended June 30, 2008. A copy of such letter is furnished as Exhibit 99.2 to this Current Report.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements.

None.

(b) Pro Forma Financial Information.

None.

(c) Shell Company Transactions

None.

(d) Exhibits

99.1 Press Release of Hudson Highland Group, Inc. issued on July 30, 2008.

99.2 Letter to Shareholders, Employees and Friends issued on July 30, 2008 and posted to Company's website.

SIGNATURES

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

HUDSON HIGHLAND GROUP, INC.
(Registrant)

By: /s/ MARY JANE RAYMOND
Mary Jane Raymond
Executive Vice President and Chief
Financial Officer

Dated: July 30, 2008

Hudson Highland Group, Inc.
Current Report on Form 8-K

Exhibit Index

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of Hudson Highland Group, Inc. issued on July 30, 2008.
99.2	Letter to Shareholders, Employees and Friends issued on July 30, 2008 and posted to Company's website.

**For Immediate Release**

Contact: David F. Kirby
Hudson Highland Group
212-351-7216
david.kirby@hudson.com

**Hudson Highland Group Reports 2008
Second Quarter Financial Results**

NEW YORK, NY – July 30, 2008 – Hudson Highland Group, Inc. (Nasdaq: HHGP), one of the world's leading providers of permanent recruitment, contract professionals and talent management solutions, today announced financial results for the second quarter ended June 30, 2008.

2008 Second Quarter Summary

- Revenue of \$305.9 million, an increase of 3.0 percent from \$297.0 million for the second quarter of 2007
- Gross margin of \$137.2 million, or 44.9 percent of revenue, up 5.8 percent from \$129.7 million, or 43.7 percent of revenue for the same period last year
- Adjusted EBITDA* of \$11.2 million, or 3.7 percent of revenue, down 5.6 percent from \$11.9 million for the second quarter of 2007
- EBITDA of \$10.2 million, or 3.3 percent of revenue, up 56.8 percent from \$6.5 million for the same period last year
- Net income from continuing operations of \$1.6 million, or \$0.07 per basic and \$0.06 per diluted share, compared with net loss of (\$1.4) million, or (\$0.05) per basic and diluted share, for the second quarter of 2007
- Net income of \$5.0 million, or \$0.20 per basic and \$0.19 per diluted share, compared with net loss of (\$0.6) million, or (\$0.02) per basic and diluted share, for the second quarter of 2007

* Adjusted EBITDA is defined in the segment tables at the end of this release.

“Second quarter operating results were led by our international operations and continuing improvement in North America,” said Jon Chait, Hudson Highland Group chairman and chief executive officer. “Our management team did a commendable job in navigating turbulent economies in many markets.”

“Our cash position more than doubled from last quarter to over \$50 million, driven by better working capital management, particularly in North America,” added Mary Jane Raymond, executive vice president and chief financial officer. “Our restructuring program is providing the desired financial flexibility for future investments.”

Restructuring Program

During the remainder of 2008, the company will continue to streamline its support operations to match its focus on specialization. The company expects to have \$5 - \$7 million of restructuring actions throughout this year, including \$1 - \$3 million in the third quarter. During the first half of 2008, the company incurred \$2.7 million of restructuring expenses in conjunction with its 2008 program. Second quarter expenses were predominantly related to severance and reorganization of certain support functions in Hudson Europe.

Sale of Balance Public Management Division

Effective May 1, 2008, the company completed the sale of the assets of the public management division of Balance, which supplies contractors with medical expertise. Revenue for this division in 2007 was \$6.0 million. The company has treated the business as a discontinued operation effective June 30, 2008. As a result of the sale, the company allocated \$3.7 million of goodwill and recorded a gain on sale of \$2.8 million.

Share Repurchase Program

On February 4, 2008, the company announced that its board of directors authorized the repurchase of up to \$15 million of the company's common stock. The company intends to make purchases from time to time as market conditions warrant. During the first quarter of 2008, the company repurchased 701,173 shares at a total cost of approximately \$5.3 million. During the second quarter, the company did not make any repurchases.

Guidance

The company currently expects third quarter 2008 revenue of \$290 - \$305 million at prevailing exchange rates and adjusted EBITDA of \$8 - \$11 million, excluding the impact of any restructuring, acquisitions or divestitures. This compares with revenue of \$300.4 million and adjusted EBITDA of \$10.6 million in the third quarter of 2007.

Additional Information

Additional information about the company's quarterly results can be found in the shareholder letter and the second quarter earnings slides in the investor information section of the company's website at www.hudson.com.

Conference Call/Webcast

Hudson Highland Group will conduct a conference call Thursday, July 31, 2008 at 9:00 AM ET to discuss this announcement. Investors wishing to participate can join the conference call by dialing 1-800-374-1532 followed by the participant passcode 53821851 at 8:50 AM ET. For those outside the United States, please call in on 1-706-634-5594 followed by the participant passcode 53821851. Hudson Highland Group's quarterly conference call can also be accessed online through Yahoo! Finance at www.yahoo.com and the investor information section of the company's website at www.hudson.com.

The archived call will be available for one week by dialing 1-800-642-1687 followed by the participant passcode 53821851. For those outside the United States, the call will be available on 1-706-645-9291 followed by the participant passcode 53821851.

About Hudson Highland Group

Hudson Highland Group, Inc. is a leading provider of permanent recruitment, contract professionals and talent management services worldwide. From single placements to total outsourced solutions, Hudson helps clients achieve greater organizational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs more than 3,600 professionals serving clients and candidates in more than 20 countries. More information is available at www.hudson.com.

Safe Harbor Statement

This press release contains statements that the company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including those under the caption "Guidance" and other statements regarding the company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to, the company's history of negative cash flows and operating losses may continue; the ability of clients to terminate their relationship with the company at any time; the impact of global economic fluctuations on temporary contracting operations; risks and financial impact associated with acquisitions and dispositions of non-strategic assets; the company's reliance on information systems and technology; competition; fluctuations in operating results; risks relating to foreign operations, including foreign currency fluctuations; dependence on highly skilled professionals and key management personnel; restrictions imposed by blocking arrangements; exposure to employment-related claims and limits on insurance coverage related thereto; government regulations; restrictions on the company's operating flexibility due to the terms of its credit facility; and the company's ability to maintain effective internal control over financial reporting. Additional information concerning these and other factors is contained in the company's filings with the Securities and Exchange Commission. These forward-looking statements

speaking only as of the date of this press release. The company assumes no obligation, and expressly disclaims any obligation, to review or confirm analysts' expectations or estimates or to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Financial Tables Follow

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenue	\$305,940	\$297,045	\$601,428	\$583,860
Direct costs	168,723	167,325	338,603	336,826
Gross margin	<u>137,217</u>	<u>129,720</u>	<u>262,825</u>	<u>247,034</u>
Operating expenses:				
Selling, general and administrative	125,973	117,814	245,283	230,619
Acquisition-related expenses	—	3,853	—	4,151
Depreciation and amortization	3,570	3,852	7,429	7,542
Business reorganization expenses	1,071	1,578	2,391	4,694
Merger and integration (recoveries) expenses	(47)	(42)	28	(42)
Total operating expenses	<u>130,567</u>	<u>127,055</u>	<u>255,131</u>	<u>246,964</u>
Operating income	6,650	2,665	7,694	70
Other income (expense):				
Interest, net	183	435	543	647
Other, net	899	(19)	1,325	2,588
Income from continuing operations before income taxes	7,732	3,081	9,562	3,305
Provision for income taxes	6,106	4,431	7,966	6,636
Income (loss) from continuing operations	1,626	(1,350)	1,596	(3,331)
Income from discontinued operations, net of income taxes	3,330	732	4,724	2,768
Net income (loss)	<u>\$ 4,956</u>	<u>\$ (618)</u>	<u>\$ 6,320</u>	<u>\$ (563)</u>
Basic income (loss) per share:				
Income (loss) from continuing operations	\$ 0.07	\$ (0.05)	\$ 0.06	\$ (0.13)
Income from discontinued operations	0.13	0.03	0.19	0.11
Net income (loss)	<u>\$ 0.20</u>	<u>\$ (0.02)</u>	<u>\$ 0.25</u>	<u>\$ (0.02)</u>
Diluted income (loss) per share:				
Income (loss) from continuing operations	\$ 0.06	\$ (0.05)	\$ 0.06	\$ (0.13)
Income from discontinued operations	0.13	0.03	0.19	0.11
Net income (loss)	<u>\$ 0.19</u>	<u>\$ (0.02)</u>	<u>\$ 0.25</u>	<u>\$ (0.02)</u>
Weighted average shares outstanding:				
Basic	24,984	25,247	25,135	25,084
Diluted	25,512	25,247	25,615	25,084

HUDSON HIGHLAND GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in thousands, except per share amounts)
(unaudited)

	June 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,429	\$ 39,245
Restricted cash, short term	481	—
Accounts receivable, net	196,949	187,980
Prepaid and other	20,143	18,389
Current assets from discontinued operations	—	13,461
Total current assets	269,002	259,075
Goodwill	67,947	73,444
Other intangibles, net	5,144	4,791
Property and equipment, net	30,025	29,470
Other assets	11,742	7,214
Non-current assets from discontinued operations	—	212
Total assets	<u>\$ 383,860</u>	<u>\$ 374,206</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,679	\$ 20,988
Accrued expenses and other current liabilities	117,353	120,009
Credit facility and current portion of long-term debt	1,107	243
Accrued business reorganization expenses	3,356	3,490
Accrued merger and integration expenses	230	314
Current liabilities from discontinued operations	—	7,382
Total current liabilities	149,725	152,426
Accrued business reorganization expenses, non-current	2,305	2,689
Accrued merger and integration expenses, non-current	244	327
Other non-current liabilities	19,467	18,649
Total liabilities	171,741	174,091
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.001 par value, 100,000 shares authorized; issued: 25,956 and 25,691 shares, respectively	26	26
Additional paid-in capital	448,549	444,075
Accumulated deficit	(282,267)	(288,587)
Accumulated other comprehensive income—translation adjustments	50,286	44,946
Treasury stock, 589 and 25 shares, respectively	(4,475)	(345)
Total stockholders' equity	212,119	200,115
	<u>\$ 383,860</u>	<u>\$ 374,206</u>

HUDSON HIGHLAND GROUP, INC.
SEGMENT ANALYSIS
(in thousands)
(unaudited)

<u>For the Three Months Ended</u> <u>June 30, 2008</u>	<u>Hudson</u> <u>Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia</u> <u>Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$71,507	\$ 116,838	\$ 117,595	\$ —	\$305,940
Gross margin	\$20,179	\$ 64,485	\$ 52,553	\$ —	\$137,217
Adjusted EBITDA (1)	\$ 1,733	\$ 10,013	\$ 8,713	\$ (9,215)	\$ 11,244
Business reorganization expenses (recoveries)	229	842	—	—	1,071
Merger and integration expenses (recoveries)	17	(63)	—	(1)	(47)
EBITDA (1)	1,487	9,234	8,713	(9,214)	10,220
Depreciation and amortization	1,170	1,329	1,018	53	3,570
Operating income (loss)	\$ 317	\$ 7,905	\$ 7,695	\$ (9,267)	\$ 6,650
<u>For the Three Months Ended</u> <u>June 30, 2007</u>	<u>Hudson</u> <u>Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia</u> <u>Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$70,830	\$ 120,809	\$ 105,406	\$ —	\$297,045
Gross margin	\$21,200	\$ 62,685	\$ 45,835	\$ —	\$129,720
Adjusted EBITDA (1)	\$ (1,307)	\$ 10,629	\$ 9,132	\$ (6,548)	\$ 11,906
Acquisition-related expenses	3,551	302	—	—	3,853
Business reorganization expenses (recoveries)	(7)	(7)	17	1,575	1,578
Merger and integration expenses (recoveries)	(42)	—	—	—	(42)
EBITDA (1)	(4,809)	10,334	9,115	(8,123)	6,517
Depreciation and amortization	1,160	1,632	994	66	3,852
Operating income (loss)	\$ (5,969)	\$ 8,702	\$ 8,121	\$ (8,189)	\$ 2,665

- (1) Non-GAAP earnings before interest, income taxes, special charges, other non-operating expense, and depreciation and amortization (“Adjusted EBITDA”) and non-GAAP earnings before interest, income taxes, other non-operating expense, and depreciation and amortization (“EBITDA”) are presented to provide additional information about the company’s operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted EBITDA and EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company’s profitability or liquidity. Furthermore, adjusted EBITDA and EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

HUDSON HIGHLAND GROUP, INC.
SEGMENT ANALYSIS
(in thousands)
(unaudited)

<u>For the Six Months Ended June 30, 2008</u>	<u>Hudson Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 154,769	\$ 228,171	\$ 218,488	\$ —	\$ 601,428
Gross margin	\$ 42,934	\$ 123,017	\$ 96,874	\$ —	\$ 262,825
Adjusted EBITDA (1)	\$ 2,960	\$ 15,783	\$ 13,942	\$(15,143)	\$ 17,542
Business reorganization expenses (recoveries)	1,691	605	95	—	2,391
Merger and integration expenses (recoveries)	15	14	—	(1)	28
EBITDA (1)	1,254	15,164	13,847	(15,142)	15,123
Depreciation and amortization	2,343	2,972	2,008	106	7,429
Operating income (loss)	\$ (1,089)	\$ 12,192	\$ 11,839	\$(15,248)	\$ 7,694
<u>For the Six Months Ended June 30, 2007</u>	<u>Hudson Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$ 147,377	\$ 237,817	\$ 198,666	\$ —	\$ 583,860
Gross margin	\$ 43,284	\$ 119,304	\$ 84,446	\$ —	\$ 247,034
Adjusted EBITDA (1)	\$ (2,676)	\$ 17,187	\$ 14,702	\$(12,798)	\$ 16,415
Acquisition-related expenses	3,551	600	—	—	4,151
Business reorganization expenses (recoveries)	722	2,440	31	1,501	4,694
Merger and integration expenses (recoveries)	(42)	—	—	—	(42)
EBITDA (1)	(6,907)	14,147	14,671	(14,299)	7,612
Depreciation and amortization	2,287	3,197	1,877	181	7,542
Operating income (loss)	\$ (9,194)	\$ 10,950	\$ 12,794	\$(14,480)	\$ 70

- (1) Non-GAAP earnings before interest, income taxes, special charges, other non-operating expense, and depreciation and amortization (“Adjusted EBITDA”) and non-GAAP earnings before interest, income taxes, other non-operating expense, and depreciation and amortization (“EBITDA”) are presented to provide additional information about the company’s operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted EBITDA and EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company’s profitability or liquidity. Furthermore, adjusted EBITDA and EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.



July 30, 2008

To: Shareholders, Employees and Friends

Hudson Highland Group 2008 Second Quarter Financial Results

Market Observations

Investors continue to be focused on the impact of global macroeconomic factors on our company and industry. In the second quarter, the company benefitted from geographic diversification, although we saw evidence of spreading economic weakness, as other companies also noted. Although we believe the US economy is bottoming, we would expect employment to be a lagging indicator for several quarters, as it has been in past slowdowns. The US continues to be an economy of cross currents, with some real weaknesses in housing, financial services and commodity inflation, but also with fundamental strengths.

Mixed economic conditions are also prevailing internationally. Amid these challenges, the company's operating units did a commendable job of managing through a challenging economic environment. Revenue in the quarter was 3.0 percent above the second quarter of 2007, while gross margin dollars increased 5.8 percent. Adjusted EBITDA was 3.7 percent of revenue, down slightly from 4.0 in the second quarter of 2007. Expense management enabled many operations to mitigate soft top-line results. On a year-to-date basis, we have delivered adjusted EBITDA of \$17.5 million, or 2.9 percent of revenue, and \$1.1 million above prior year.

Recent Events

Restructuring Program

During the remainder of 2008, the company will continue to streamline its support operations to match its focus on specialization. The company expects to have \$5 - \$7 million of restructuring actions throughout this year, including \$1 - \$3 million in the third quarter. During the first half of 2008, the company incurred \$2.7 million of restructuring expenses in conjunction with its 2008 program. Second quarter expenses were predominantly related to severance and reorganization of certain support functions in Hudson Europe.

Sale of Balance Public Management Division

Effective May 1, 2008, the company completed the sale of the assets of the public management division of Balance, which supplies contractors with medical expertise. Revenue for this division in 2007 was \$6.0 million. The company has treated the business as a discontinued operation effective June 30, 2008. As a result of the sale, the company allocated \$3.7 million of goodwill and recorded a gain on sale of \$2.8 million.

Share Repurchase Program

On February 4, 2008, the company announced that its board of directors authorized the repurchase of up to \$15 million of the company's common stock. The company intends to make purchases from time to time as market conditions warrant. During the first quarter of 2008, the company repurchased 701,173 shares at a total cost of approximately \$5.3 million. During the second quarter, the company did not make any repurchases.

Regional Highlights

Hudson Americas

- Hudson Americas revenue increased 1 percent, gross margin dollars decreased 5 percent, and adjusted EBITDA increased to \$1.7 million, or 2.4 percent of revenue, in the second quarter, up \$3 million from the prior year loss of (\$1.3) million.
- Temporary contracting gross margin percentage increased to 24.5 percent, up from 23.5 percent a year ago.
- Temporary contracting gross margin dollars increased 10 percent compared with a year ago, while permanent recruitment declined 39 percent. The growth in temporary contracting resulted from increased project work in Legal, as the practice increased 32 percent from prior year, while Financial Solutions declined 24 percent and IT was down 17 percent. The decline in permanent recruitment was primarily due to a client taking in-house an outsourcing contract in the second half of 2007.

Hudson Europe

- Hudson Europe revenue decreased 3 percent, gross margin increased 3 percent and adjusted EBITDA decreased 6 percent in the second quarter compared with prior year.
- In constant currency, revenue declined 8 percent while gross margin dollars declined 4 percent and adjusted EBITDA declined 14 percent.
- The decline in gross margin dollars for the quarter was due to mixed results in Europe, with a constant currency decline of 15 percent in the UK, partially offset by 8 percent growth in continental Europe.
- On a constant currency basis, temporary contracting gross margin dollars rose 2 percent in continental Europe and permanent recruitment rose 14 percent. In local currency, in the UK, temporary contracting gross margin dollars declined 11 percent and permanent recruitment declined 15 percent.
- Temporary contracting gross margin percentage in Europe increased to 20.1 percent from 19.2 percent in the second quarter of 2007.

- Hudson Europe earned \$10.0 million in adjusted EBITDA, or 8.6 percent of revenue, in the second quarter, compared with \$10.6 million, or 8.8 percent of revenue, a year ago.

Hudson Asia Pacific

- Hudson Asia Pacific revenue increased 12 percent and gross margin increased 15 percent, while adjusted EBITDA decreased 5 percent in the second quarter of 2008.
- In constant currency, revenue decreased less than 1 percent while gross margin increased 3 percent and adjusted EBITDA decreased 14 percent.
- In Australia/New Zealand in constant currency, revenue and gross margin decreased 2 percent, while adjusted EBITDA decreased 20 percent. The gross margin decline was primarily driven by a reduction in talent management fees, primarily in outplacement.
- In Asia in constant currency, revenue increased 18 percent and gross margin increased 21 percent, led by a 22 percent increase in permanent recruitment gross margin, driven by growth in the existing China business and from the May 2007 Tony Keith acquisition.
- Temporary contracting gross margin percentage in Asia Pacific increased to 18.2% from 17.8% in the second quarter of 2007.
- Hudson Asia Pacific generated \$8.7 million in adjusted EBITDA, or 7.4 percent of revenue, compared with \$9.1 million, or 8.7 percent of revenue a year ago. An adjusted EBITDA increase in Asia was offset by a decline in Australia/New Zealand.

Corporate

- Corporate expenses were \$2.7 million higher than the year ago period due largely to professional fees incurred related to cost management and the resolution of outstanding litigation.

Guidance

The company currently expects third quarter 2008 revenue of \$290 - \$305 million at prevailing exchange rates and adjusted EBITDA of \$8 - \$11 million, excluding the impact of any restructuring, acquisitions or divestitures. This compares with revenue of \$300.4 million and adjusted EBITDA of \$10.6 million in the third quarter of 2007.

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This press release contains statements that the company believes to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including those under the caption “Guidance” and other statements regarding the company’s future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “predict,” “believe” and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual

results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to, the company's history of negative cash flows and operating losses may continue; the ability of clients to terminate their relationship with the company at any time; the impact of global economic fluctuations on temporary contracting operations; risks and financial impact associated with acquisitions and dispositions of non-strategic assets; the company's reliance on information systems and technology; competition; fluctuations in operating results; risks relating to foreign operations, including foreign currency fluctuations; dependence on highly skilled professionals and key management personnel; restrictions imposed by blocking arrangements; exposure to employment-related claims and limits on insurance coverage related thereto; government regulations; restrictions on the company's operating flexibility due to the terms of its credit facility; and the company's ability to maintain effective internal control over financial reporting. Additional information concerning these and other factors is contained in the company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this press release. The company assumes no obligation, and expressly disclaims any obligation, to review or confirm analysts' expectations or estimates or to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Financial Tables Follow

HUDSON HIGHLAND GROUP, INC.
SEGMENT ANALYSIS
(in thousands)
(unaudited)

<u>For the Three Months Ended</u> <u>June 30, 2008</u>	<u>Hudson</u> <u>Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia</u> <u>Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$71,507	\$ 116,838	\$ 117,595	\$ —	\$305,940
Gross margin	\$20,179	\$ 64,485	\$ 52,553	\$ —	\$137,217
Adjusted EBITDA (1)	\$ 1,733	\$ 10,013	\$ 8,713	\$ (9,215)	\$ 11,244
Business reorganization expenses (recoveries)	229	842	—	—	1,071
Merger and integration expenses (recoveries)	17	(63)	—	(1)	(47)
EBITDA (1)	1,487	9,234	8,713	(9,214)	10,220
Depreciation and amortization	1,170	1,329	1,018	53	3,570
Operating income (loss)	\$ 317	\$ 7,905	\$ 7,695	\$ (9,267)	\$ 6,650
<u>For the Three Months Ended</u> <u>June 30, 2007</u>	<u>Hudson</u> <u>Americas</u>	<u>Hudson Europe</u>	<u>Hudson Asia</u> <u>Pacific</u>	<u>Corporate</u>	<u>Total</u>
Revenue	\$70,830	\$ 120,809	\$ 105,406	\$ —	\$297,045
Gross margin	\$21,200	\$ 62,685	\$ 45,835	\$ —	\$129,720
Adjusted EBITDA (1)	\$ (1,307)	\$ 10,629	\$ 9,132	\$ (6,548)	\$ 11,906
Acquisition-related expenses	3,551	302	—	—	3,853
Business reorganization expenses (recoveries)	(7)	(7)	17	1,575	1,578
Merger and integration expenses (recoveries)	(42)	—	—	—	(42)
EBITDA (1)	(4,809)	10,334	9,115	(8,123)	6,517
Depreciation and amortization	1,160	1,632	994	66	3,852
Operating income (loss)	\$ (5,969)	\$ 8,702	\$ 8,121	\$ (8,189)	\$ 2,665

- (1) Non-GAAP earnings before interest, income taxes, special charges, other non-operating expense, and depreciation and amortization (“Adjusted EBITDA”) and non-GAAP earnings before interest, income taxes, other non-operating expense, and depreciation and amortization (“EBITDA”) are presented to provide additional information about the company’s operations on a basis consistent with the measures which the company uses to manage its operations and evaluate its performance. Management also uses these measurements to evaluate capital needs and working capital requirements. Adjusted EBITDA and EBITDA should not be considered in isolation or as a substitute for operating income, cash flows from operating activities, and other income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of the company’s profitability or liquidity. Furthermore, adjusted EBITDA and EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

HUDSON HIGHLAND GROUP, INC.
Reconciliation For Contant Currency
(in thousands)
(unaudited)

The company defines the term “constant currency” to mean that financial data for a period are translated into U.S. Dollars using the same foreign currency exchange rates that were used to translate financial data for the previously reported period. Changes in revenues, direct costs, gross margin and selling, general and administrative expenses include the effect of changes in foreign currency exchange rates. Variance analysis usually describes period-to-period variances that are calculated using constant currency as a percentage. The company’s management reviews and analyzes business results in constant currency and believes these results better represent the company’s underlying business trends.

The company believes that these calculations are a useful measure, indicating the actual change in operations. Earnings from subsidiaries are rarely repatriated to the United States, and there are no significant gains or losses on foreign currency transactions between subsidiaries. Therefore, changes in foreign currency exchange rates generally impact only reported earnings and not the company’s economic condition.

	2008		2007	
	As Reported	Currency Translation	Constant Currency	As Reported
Revenue:				
Hudson Americas	\$ 71,507	\$ (86)	\$ 71,421	\$ 70,830
Hudson Europe	116,838	(5,896)	110,942	120,809
Hudson Asia Pacific	117,595	(12,288)	105,307	105,406
Total	305,940	(18,270)	287,670	297,045
Direct costs:				
Hudson Americas	51,328	(11)	51,317	49,630
Hudson Europe	52,353	(1,307)	51,046	58,124
Hudson Asia Pacific	65,042	(6,834)	58,208	59,571
Total	168,723	(8,152)	160,571	167,325
Gross margin:				
Hudson Americas	20,179	(75)	20,104	21,200
Hudson Europe	64,485	(4,589)	59,896	62,685
Hudson Asia Pacific	52,553	(5,454)	47,099	45,835
Total	\$ 137,217	\$ (10,118)	\$ 127,099	\$ 129,720
Selling, general and administrative (1)				
Hudson Americas	\$ 19,616	\$ (74)	\$ 19,542	\$ 27,218
Hudson Europe	55,801	(3,836)	51,965	53,990
Hudson Asia Pacific	44,858	(4,659)	40,199	37,697
Corporate	9,268	(2)	9,267	6,614
Total	\$ 129,543	\$ (8,570)	\$ 120,973	\$ 125,519

(1) Selling, general and administrative expenses include depreciation and amortization and acquisition-related expenses.