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): October 27, 2010

Hudson Highland Group, Inc.
(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction of incorporation)**

000-50129	**59-3547281**
(Commission File Number)	**(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)

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On October 27, 2010, Hudson Highland Group, Inc. issued a press release announcing its financial results for the three and nine months ended September 30, 2010. A copy of such press release is furnished as Exhibit 99.1 to this Current Report.

Also on October 27, 2010, Hudson Highland Group, Inc. posted on its web site a Letter to Shareholders, Employees and Friends, which discusses results for the three months ended September 30, 2010. 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 October 27, 2010.

99.2 Letter to Shareholders, Employees and Friends issued on October 27, 2010 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: October 27, 2010

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

Exhibit Index

Exhibit Number	Description
99.1	Press Release of Hudson Highland Group, Inc. issued on October 27, 2010.
99.2	Letter to Shareholders, Employees and Friends issued on October 27, 2010 and posted to Company’s website.

Exhibit 99.1

HUDSON HIGHLAND GROUP

<u>**For Immediate Release**</u>

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

Hudson Highland Group Reports 2010 Third Quarter Financial Results

NEW YORK, NY – October 27, 2010 – 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 third quarter ended September 30, 2010.

2010 Third Quarter Summary

- Revenue of $200.4 million, an increase of 18.1 percent over the third quarter of 2009, and an increase of 2.8 percent from the second quarter of 2010
- Gross margin of $75.0 million, or 37.4 percent of revenue, up 16.8 percent from the same period last year, and an increase of 1.0 percent from the second quarter of 2010
- EBITDA* of $1.2 million, or 0.6 percent of revenue, improved from an EBITDA loss of $6.0 million for the third quarter of 2009, which included $2.9 million of restructuring charges
- Net loss of $1.9 million, or $0.06 per basic and diluted share, compared with net loss of $6.9 million, or $0.26 per basic and diluted share, for the third quarter of 2009

** EBITDA is defined in the segment tables at the end of this release and includes other non-operating income.*

"Hudson achieved year-over-year revenue and gross margin growth in all four of our core regions globally during the third quarter, led by strength in permanent recruitment in Australia, the U.K. and Asia," said Jon Chait, Hudson Highland Group's chairman and chief executive officer. "Our underlying operational trends remained positive in the third quarter, despite the negative seasonal impact."

"We continue to take disciplined actions and make certain key investments to position the company for growth," said Mary Jane Raymond, the company's executive vice president and chief financial officer. "The improvements to our capital structure in 2010 will help the company achieve its long-term objectives."

Regional Results

Regional results in constant currency were as follows:

- Europe gross margin was up 19 percent, led by 38 percent growth in the U.K., compared with third quarter 2009. Sequentially, Europe gross margin was down 9 percent compared with second quarter 2010.

- Australia/New Zealand (ANZ) gross margin was up 19 percent compared with third quarter 2009, led by an increase of 63 percent in permanent recruitment. Sequentially, ANZ gross margin was up 7 percent compared with second quarter 2010.

- Asia gross margin was up 29 percent compared with third quarter 2009 and up 9 percent compared with second quarter 2010.

- North America gross margin was up slightly compared with third quarter 2009 and down 7 percent compared with second quarter 2010, delivering positive EBITDA for the first time this year.

Liquidity and Capital Resources

During the third quarter, the company signed two new revolving credit facilities, including a $40 million facility with RBS secured by receivables in the U.S. and the U.K., and an AUD$15 million facility ($14.5 million) with Commonwealth Bank of Australia (CBA) secured by receivables in Australia. The combination of these new credit facilities increased the company's availability by over $10 million.

The company ended the third quarter of 2010 with $34.2 million in cash, and had breakeven cash flow from operations. During the quarter, the company made its final earn-out payment to Tony Keith Associates in China and recorded costs associated with the new credit facilities. The company ended the quarter with $13.9 million in borrowings under all credit facilities.

Availability under the new RBS and CBA agreements at the end of the third quarter totaled $26.9 million. Availability under other local country facilities is $5.8 million for a total availability of $32.8 million.

The company incurred termination costs related to the prior credit facility of approximately $0.9 million, consisting of $0.6 million for early termination and $0.3 million for unamortized costs. The latter is recorded in interest expense.

Guidance

The company currently expects fourth quarter 2010 revenue of $210 - $220 million and EBITDA of $3 - $5 million at prevailing exchange rates. This compares with revenue of $182.5 million and an EBITDA loss of $5.0 million in the fourth quarter of 2009.

Additional Information

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

Conference Call/Webcast

Hudson Highland Group will conduct a conference call Thursday, October 28, 2010 at 10:00 a.m. ET to discuss this announcement. Individuals wishing to listen can access the Web cast on the investor information section of the company's Web site at www.hudson.com.

The archived call will be available on the investor information section of the company's Web site at www.hudson.com.

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 2,000 professionals serving clients and candidates in approximately 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 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 important factors, risks, uncertainties and assumptions, including industry and economic conditions' that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, global economic fluctuations; the ability of clients to terminate their relationship with the company at any time; risks in collecting the company's accounts receivable; the company's history of negative cash flows and operating losses may continue; the company's limited borrowing availability under its credit facilities, which may negatively impact its liquidity; restrictions on the company's operating flexibility due to the terms of its credit facility; risks related to fluctuations in the company's operating results from quarter to quarter; risks related to international operations, including foreign currency fluctuations; risks associated with the company's investment strategy; risks and financial impact associated with dispositions of underperforming assets; implementation of the company's cost reduction initiatives effectively; the company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology; competition in the company's markets; the company's exposure to employment-related claims from both clients and employers and limits on related insurance coverage; the company's dependence on key management personnel; the company's ability to attract and retain highly skilled professionals; volatility of the company's stock price; the impact of government regulations; and restrictions imposed by blocking arrangements. 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 document. The company assumes no obligation, and expressly disclaims any obligation, 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 share and per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	**2009**	**2010**	**2009**
Revenue	$ 200,394	$ 169,647	$ 575,481	$ 508,645
Direct costs	125,403	105,457	359,833	317,567
Gross margin	74,991	64,190	215,648	191,078
Operating expenses:				
Selling, general and administrative expenses	74,378	67,412	214,121	208,442
Depreciation and amortization	1,981	2,741	6,453	9,369
Business reorganization and integration expenses	41	2,878	705	12,279
Goodwill and other impairment charges	-	-	-	1,549
Total operating expenses	76,400	73,031	221,279	231,639
Operating loss	(1,409)	(8,841)	(5,631)	(40,561)
Other (expense) income:				
Interest, net	(497)	(96)	(972)	(469)
Other, net	1,184	99	2,687	773
Fee for early extinguishment of credit facility	(563)	-	(563)	-
Loss from continuing operations before provision for income taxes	(1,285)	(8,838)	(4,479)	(40,257)
Provision for (benefit from) income taxes	599	(1,215)	1,366	(2,300)
Loss from continuing operations	(1,884)	(7,623)	(5,845)	(37,957)
(Loss) income from discontinued operations, net of income taxes	(14)	770	(31)	7,773
Net loss	$ (1,898)	$ (6,853)	$ (5,876)	$ (30,184)
Basic earnings (loss) per share:				
Loss from continuing operations	$ (0.06)	$ (0.29)	$ (0.20)	$ (1.47)
(Loss) income from discontinued operations	(0.00)	0.03	(0.00)	0.30
Net loss	$ (0.06)	$ (0.26)	$ (0.20)	$ (1.17)
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.06)	$ (0.29)	$ (0.20)	$ (1.47)
Income (loss) from discontinued operations	-	0.03	(0.00)	0.30
Net income (loss)	$ (0.06)	$ (0.26)	$ (0.20)	$ (1.17)
Weighted average shares outstanding:				
Basic	31,225	26,311	29,493	25,744
Diluted	31,225	26,311	29,493	25,744

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

	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 34,174	$ 36,064
Accounts receivable, net	129,116	98,994
Prepaid and other	17,463	13,308
Total current assets	180,753	148,366
Property and equipment, net	15,360	19,433
Other assets	17,975	14,145
Total assets	$ 214,088	$ 181,944
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 13,567	$ 12,811
Accrued expenses and other current liabilities	75,000	54,103
Short-term borrowings	13,871	10,456
Accrued business reorganization expenses	2,398	8,784
Total current liabilities	104,836	86,154
Other non-current liabilities	9,260	10,768
Income tax payable, non-current	8,476	8,415
Accrued business reorganization expenses, non-current	627	347
Total liabilities	123,199	105,684
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 32,214 and 26,836 shares, respectively	32	27
Additional paid-in capital	466,178	445,541
Accumulated deficit	(409,390)	(403,514)
Accumulated other comprehensive income—translation adjustments	34,107	34,509
Treasury stock, 9 and 114 shares, respectively, at cost	(38)	(303)
Total stockholders' equity	90,889	76,260
Total liabilities and stockholders' equity	$ 214,088	$ 181,944

HUDSON HIGHLAND GROUP, INC.
SEGMENT ANALYSIS - QUARTER TO DATE
(in thousands)
(unaudited)

For The Three Month Ended September 30, 2010	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 37,839	$ 80,503	$ 72,974	$ 9,078	$ -	$ 200,394
Gross margin, from external customers	$ 9,311	$ 32,647	$ 24,259	$ 8,774	$ -	$ 74,991
Business reorganization and integration expenses (recovery)	$ 41	$ -	$ -	$ -	$ -	$ 41
Non-operating expense (income), including corporate administration charges	(407)	3,088	1,433	478	(5,213)	(621)
EBITDA (Loss) (1)	$ 532	$ (2,128)	$ 1,376	$ 1,169	$ 244	$ 1,193
Depreciation and amortization expenses						1,981
Interest expense, net						497
Provision for income taxes						599
Loss (income) from discontinued operations, net of taxes						14
Net income						$ (1,898)

For The Three Month Ended September 30, 2009	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 35,705	$ 67,898	$ 59,026	$ 7,018	$ -	$ 169,647
Gross margin, from external customers	$ 9,258	$ 29,571	$ 18,754	$ 6,607	$ -	$ 64,190
Business reorganization and integration expenses (recovery)	$ 592	$ 1,881	$ 405	$ -	$ -	$ 2,878
Non-operating expense (income), including corporate administration charges	569	554	(12)	70	(1,280)	(99)
EBITDA (Loss) (1)	(2,795)	(2,406)	1,156	961	(2,917)	(6,001)
Depreciation and amortization expenses						2,741
Interest expense, net						96
Provision for income taxes						(1,215)
Loss (income) from discontinued operations, net of taxes						(770)
Net loss						$ (6,853)

For the Three Months Ended December 31, 2009	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 39,010	$ 74,503	$ 61,494	$ 7,497	$ -	$ 182,504
Gross margin, from external customers	$ 10,220	$ 33,005	$ 18,971	$ 7,179	$ -	$ 69,375
Business reorganization and integration expenses (recovery)	$ 1,794	$ 3,135	$ 849	$ -	$ 123	$ 5,901
Non-operating expense (income), including corporate administration charges	(936)	91	177	(22)	19	(671)
EBITDA (Loss) (1)	$ (1,162)	$ (1,552)	$ (494)	$ 1,167	$ (3,006)	$ (5,047)
Depreciation and amortization expenses						3,175
Interest expense, net						224
Benefit from income taxes						(3,450)
Loss (income) from discontinued operations, net of taxes						5,429
Net loss						$ (10,425)

(1) Non-GAAP earnings before interest, income taxes, 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. 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, EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

(2) Prior year revenue has been reclassed to conform to current year presentation.

HUDSON HIGHLAND GROUP, INC.
SEGMENT ANALYSIS - YEAR TO DATE
(in thousands)
(unaudited)

For The Nine Months Ended September 30, 2010	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 118,165	$ 237,875	$ 195,045	$ 24,396	$ -	$ 575,481
Gross margin, from external customers	$ 28,643	$ 99,722	$ 63,758	$ 23,525	$ -	$ 215,648
Business reorganization and integration expenses (recovery)	$ 285	$ 536	$ (116)	$ -	$ -	$ 705
Non-operating expense (income), including corporate administration charges	(523)	5,414	3,030	704	(11,312)	(2,687)
EBITDA (Loss) (1)	$ (699)	$ 771	$ 2,994	$ 3,076	$ (3,196)	$ 2,946
Depreciation and amortization expenses						6,453
Interest expense, net						972
Provision for income taxes						1,366
Loss (income) from discontinued operations, net of taxes						31
Net loss						$ (5,876)

For The Nine Months Ended September 30, 2009	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 122,861	$ 202,473	$ 165,675	$ 17,636	$ -	$ 508,645
Gross margin, from external customers	$ 30,741	$ 91,155	$ 52,718	$ 16,464	$ -	$ 191,078
Business reorganization and integration expenses (recovery)	$ 3,339	$ 6,547	$ 2,281	$ 98	$ 14	$ 12,279
Non-operating expense (income), including corporate administration charges	1,705	1,437	(83)	(151)	(3,681)	(773)
EBITDA (Loss) (1)	(10,187)	(8,236)	221	(1,717)	(10,500)	(30,419)
Depreciation and amortization expenses						9,369
Interest expense, net						469
Benefit from income taxes						(2,300)
Loss (income) from discontinued operations, net of taxes						(7,773)
Net loss						$ (30,184)

(1) Non-GAAP earnings before interest, income taxes, 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. 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, EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

(2) Prior year revenue has been reclassed to conform to current year presentation.

HUDSON HIGHLAND GROUP, INC.
Reconciliation For Constant 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 monthly financial data for the previously reported period. The company uses constant currency to depict the current period results at the exchange rates of the prior 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.

	2010			2009
	As Reported	**Currency Translation**	**Constant Currency**	**As Reported**
Revenue:				
Hudson Americas	$ 37,839	$ (15)	$ 37,824	$ 35,705
Hudson Europe	80,503	5,580	86,083	67,898
Hudson ANZ	72,974	(5,843)	67,131	59,026
Hudson Asia	9,078	(281)	8,797	7,018
Total	200,394	(559)	199,835	169,647
Direct costs:				
Hudson Americas	28,528	-	28,528	26,447
Hudson Europe	47,856	3,144	51,000	38,327
Hudson ANZ	48,715	(3,901)	44,814	40,272
Hudson Asia	304	(14)	290	411
Total	125,403	(771)	124,632	105,457
Gross margin:				
Hudson Americas	9,311	(15)	9,296	9,258
Hudson Europe	32,647	2,436	35,083	29,571
Hudson ANZ	24,259	(1,942)	22,317	18,754
Hudson Asia	8,774	(267)	8,507	6,607
Total	$ 74,991	$ 212	$ 75,203	$ 64,190
Selling, general and administrative (1)				
Hudson Americas	$ 9,572	$ (17)	$ 9,555	$ 11,935
Hudson Europe	32,473	2,435	34,908	30,456
Hudson ANZ	22,083	(1,789)	20,294	17,775
Hudson Asia	7,224	(201)	7,023	5,747
Corporate	5,007	-	5,007	4,240
Total	$ 76,359	$ 428	$ 76,787	$ 70,153

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

Exhibit 99.2

HUDSON HIGHLAND GROUP

October 27, 2010

To: Shareholders, Employees and Friends

Hudson Highland Group 2010 Third Quarter Financial Results

Market/Economic Observations

In the first half of 2010, we saw macroeconomic improvements in most of our key markets. Some businesses benefitted more than others, depending on their relative strengths and exposure to the growth sectors in their markets. Permanent placement has led this recovery, and our local management teams capitalized on these conditions to contribute significant improvements to company results.

During the third quarter of 2010, we saw most of the underlying growth trends of the first half of the year continue, though at a moderated rate. Permanent recruitment remained strong, led by Australia/New Zealand (ANZ), the U.K. and Asia. Temporary contracting growth was also strong in the U.K. However, many of our other temporary contracting businesses have yet to experience a robust recovery, including those in North America and ANZ. In continental Europe, stronger permanent placement in Belgium and France helped offset the typical seasonal softness, the reduction in public sector spending and the lack of economic recovery in the Netherlands. Yet, despite these mixed factors, all four of our reporting segments delivered revenue and gross margin growth compared with the prior year period in the third quarter.

Consolidated revenue was $200 million, representing 18 percent constant currency growth compared with the third quarter of 2009. This compares with 9 percent year-over-year growth in the second quarter of 2010. Sequentially, revenue increased slightly compared with the second quarter, which is unusual given the typical seasonal decline during the summer months in Europe and North America. Hudson’s third quarter EBITDA of $1.2 million was $7.2 million better than the same period last year.

During the quarter, some of our regional management teams began to add revenue-producing headcount as demand outpaced capacity. This reduced our operating leverage from the first half, which was in excess of 100 percent on both a reported and constant currency basis. Both our North American and continental European operations were stronger in the last month of the quarter, a positive sign going into the fourth quarter. For the full year, we expect our leverage to be greater than 70 percent on a constant currency basis.

Regional Highlights

Europe

In the third quarter of 2010, Hudson Europe gross margin increased 10 percent compared with the prior year period, or 19 percent in constant currency. Gross margin growth on a constant currency basis was led by a 38 percent increase in the U.K., while continental Europe was relatively flat. On a sequential constant currency basis, Europe's gross margin was down 9 percent compared with the second quarter, with the U.K. down slightly combined with a typical summer decrease in continental Europe.

The U.K. continued to produce strong competitive results in both permanent recruitment and temporary contracting services, led by the IT and banking practices. Public sector recruitment in the U.K. was down 25 percent in the third quarter and now constitutes approximately 10 percent of the operation's revenue. On October 20, the U.K. government announced the budget for next year, featuring a broad cutback in public expenditures. In addition to the impact on the public sector, there is some risk of a broad negative impact on the U.K. economy and, in turn, the staffing industry.

Our businesses in Belgium and France both produced local currency revenue increases compared with the prior year period due to continued strength in permanent recruitment. Our Netherlands business, Balance, was below prior year in the third quarter. The Netherlands market in general has not shown much recovery from the global recession and we have faced greater competition, reduced public sector spending and pricing pressure in our public sector niche. Intra-quarter trends, however, were positive with several countries reporting a pick up in September.

Hudson Europe produced an adjusted EBITDA of $1.0 million, compared with breakeven in the prior year period. Leverage in the quarter was negatively impacted by hiring in both continental Europe and the U.K., an important step to diversify our business in the region.

Hudson Europe	**Q3 2010**	**Q3 2009**
(In thousands)		
Gross margin	**$ 32,647**	**$ 29,571**
SG&A	31,688	29,542
Adj. EBITDA	**959**	**30**
Reorganization cost	(0)	1,881
Non-operating expense, including corporate administrative charges	3,088	554
EBITDA	**(2,128)**	**(2,406)**

Australia and New Zealand

Trends continue to improve in our ANZ business. In New Zealand, gross margin increased sharply for the first time in eight quarters, fueled by strong demand for permanent recruitment. Australia also saw surging demand for permanent recruitment, supported by a relatively strong Australian economy and low unemployment. In the third quarter, ANZ's gross margin increased 29 percent compared with the prior year period on a reported basis and 19 percent in constant currency. Gross margin growth came primarily from a 63 percent constant currency increase in permanent recruitment. Compared with the second quarter of 2010, gross margin increased 7 percent in constant currency, driven by an improvement in both permanent recruitment and temporary contracting. The region produced an adjusted EBITDA of $2.8 million, compared with $1.5 million in the prior year period.

Hudson ANZ	**Q3 2010**	**Q3 2009**
(In thousands)		
Gross margin	**$ 24,259**	**$ 18,754**
SG&A	21,450	17,207
Adj. EBITDA	**2,809**	**1,547**
Reorganization cost	0	405
Non-operating expense, including corporate administrative charges	1,433	(12)
EBITDA	**1,376**	**1,156**

Asia

In the third quarter, our Asia business continued to capitalize on improving economic conditions in the region. Top line results were subject to more challenging year-over-year comparisons, as the third quarter of 2009 was the first full quarter of recovery in Asia. Gross margin increased 29 percent from the prior year period, and 9 percent sequentially, both on a constant currency basis. Results benefitted from greater consultant productivity and higher average fees per placement in all markets, but particularly in China and Singapore. The financial services business was strong in all markets as was IT and industrials in China. Adjusted EBITDA in the third quarter was $1.6 million, or about 18 percent of revenue, an improvement from $1.0 million, or 16 percent of revenue, in the prior year period.

Hudson Asia	**Q3 2010**	**Q3 2009**
(In thousands)		
Gross margin	**$ 8,774**	**$ 6,607**
SG&A	7,127	5,576
Adj. EBITDA	**1,647**	**1,031**
Reorganization cost	-	-
Non-operating expense, including corporate administrative charges	478	70
EBITDA	**1,169**	**961**

Americas

Hudson Americas produced stable third quarter results, though the region has yet to see a significant recovery. Gross margin was up slightly compared with the prior year period driven by growth in Legal and IT. This was the first quarter this year in which North America generated a positive year-over-year top-line comparison. Sequentially, revenue and gross margin declined 7 percent from the second quarter, which was in line with the typical seasonal pattern. We continue to see only modest recovery in the small and medium-sized businesses where our Finance and IT practices have historically been strongest. Temporary contracting gross margin percentage declined 135 basis points compared with the prior year, due to a mix shift toward Legal, which generally has lower margins than the Finance and IT practices.

Adjusted EBITDA was $0.2 million, an increase of $1.8 million on a slight gross margin increase.

Hudson Americas	**Q3 2010**	**Q3 2009**
(In thousands)		
Gross margin	**$ 9,311**	**$ 9,258**
SG&A	9,144	10,892
Adj. EBITDA	**167**	**(1,634)**
Reorganization cost	41	592
Non-operating expense, including corporate administrative charges	(407)	569
EBITDA	**532**	**(2,795)**

Corporate

Corporate expenses were $5.0 million before allocations, representing an increase from $4.2 million in the third quarter of 2009. This increase was driven primarily by higher variable compensation expense due to higher EBITDA compared with the prior year period. During the quarter, the company reserved $0.2 million in connection with the discussions regarding a settlement with the SEC. Any such settlement will depend on a number of factors described in the company's Report on Form 10-Q for the third quarter, expected to be filed on October 29, 2010.

Liquidity and Capital Resources

During the third quarter, the company signed two new revolving credit facilities, including a $40 million facility with RBS secured by receivables in the U.S. and the U.K., and an AUD$15 million facility ($14.5 million) with Commonwealth Bank of Australia (CBA) secured by receivables in Australia. The combination of these new credit facilities increased the company’s availability by over $10 million.

The company ended the third quarter of 2010 with $34.2 million in cash, and had breakeven cash flow from operations. During the quarter, the company made its final earn-out payment to Tony Keith Associates in China and recorded costs associated with the new credit facilities. The company ended the quarter with $13.9 million in borrowings under all credit facilities.

Availability under the new RBS and CBA agreements at the end of the third quarter totaled $26.9 million. Availability under other local country facilities is $5.8 million for a total availability of $32.8 million.

The company incurred termination costs related to the prior credit facility of approximately $0.9 million, consisting of $0.6 million for early termination and $0.3 million for unamortized costs. The latter is recorded in interest expense.

Guidance

The company currently expects fourth quarter 2010 revenue of $210 - $220 million and EBITDA of $3 - $5 million at prevailing exchange rates. This compares with revenue of $182.5 million and an EBITDA loss of $5.0 million in the fourth quarter of 2009.

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 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 important factors, risks, uncertainties and assumptions, including industry and economic conditions’ that could cause actual results to differ materially from those described in the forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, global economic fluctuations; the ability of clients to terminate their relationship with the company at any time; risks in collecting the company’s accounts receivable; the company’s history of negative cash flows and operating losses may continue; the company’s limited borrowing availability under its credit facilities, which may negatively impact its liquidity; restrictions on the company’s operating flexibility due to the terms of its credit facility; risks related to fluctuations in the company’s operating results from quarter to quarter; risks related to international operations, including foreign currency fluctuations; risks associated with the company’s investment strategy; risks and financial impact associated with dispositions of underperforming assets; implementation of the company’s cost reduction initiatives effectively; the company’s heavy reliance on information systems and the impact of potentially losing or failing to develop technology; competition in the company’s markets; the company’s exposure to employment-related claims from both clients and employers and limits on related insurance coverage; the company’s dependence on key management personnel; the company’s ability to attract and retain highly skilled professionals; volatility of the company’s stock price; the impact of government regulations; and restrictions imposed by blocking arrangements. 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 document. The company assumes no obligation, and expressly disclaims any obligation, 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 - QUARTER TO DATE
(in thousands)
(unaudited)

For The Three Month Ended September 30, 2010	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 37,839	$ 80,503	$ 72,974	$ 9,078	$ -	$ 200,394
Gross margin, from external customers	$ 9,311	$ 32,647	$ 24,259	$ 8,774	$ -	$ 74,991
Business reorganization and integration expenses (recovery)	$ 41	$ -	$ -	$ -	$ -	$ 41
Non-operating expense (income), including corporate administration charges	(407)	3,088	1,433	478	(5,213)	(621)
EBITDA (Loss) (1)	$ 532	$ (2,128)	$ 1,376	$ 1,169	$ 244	$ 1,193
Depreciation and amortization expenses						1,981
Interest expense, net						497
Provision for income taxes						599
Loss (income) from discontinued operations, net of taxes						14
Net income						$ (1,898)

For The Three Month Ended September 30, 2009	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 35,705	$ 67,898	$ 59,026	$ 7,018	$ -	$ 169,647
Gross margin, from external customers	$ 9,258	$ 29,571	$ 18,754	$ 6,607	$ -	$ 64,190
Business reorganization and integration expenses (recovery)	$ 592	$ 1,881	$ 405	$ -	$ -	$ 2,878
Non-operating expense (income), including corporate administration charges	569	554	(12)	70	(1,280)	(99)
EBITDA (Loss) (1)	(2,795)	(2,406)	1,156	961	(2,917)	(6,001)
Depreciation and amortization expenses						2,741
Interest expense, net						96
Provision for income taxes						(1,215)
Loss (income) from discontinued operations, net of taxes						(770)
Net loss						$ (6,853)

For the Three Months Ended December 31, 2009	Hudson Americas	Hudson Europe	Hudson ANZ	Hudson Asia	Corporate	Total
Revenue, from external customers	$ 39,010	$ 74,503	$ 61,494	$ 7,497	$ -	$ 182,504
Gross margin, from external customers	$ 10,220	$ 33,005	$ 18,971	$ 7,179	$ -	$ 69,375
Business reorganization and integration expenses (recovery)	$ 1,794	$ 3,135	$ 849	$ -	$ 123	$ 5,901
Non-operating expense (income), including corporate administration charges	(936)	91	177	(22)	19	(671)
EBITDA (Loss) (1)	$ (1,162)	$ (1,552)	$ (494)	$ 1,167	$ (3,006)	$ (5,047)
Depreciation and amortization expenses						3,175
Interest expense, net						224
Benefit from income taxes						(3,450)
Loss (income) from discontinued operations, net of taxes						5,429
Net loss						$ (10,425)

(1) Non-GAAP earnings before interest, income taxes, 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. 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, EBITDA as presented above may not be comparable with similarly titled measures reported by other companies.

(2) Prior year revenue has been reclassed to conform to current year presentation.

HUDSON HIGHLAND GROUP, INC.
Reconciliation For Constant 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 monthly financial data for the previously reported period. The company uses constant currency to depict the current period results at the exchange rates of the prior 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.

	2010			2009
	As Reported	**Currency Translation**	**Constant Currency**	**As Reported**
Revenue:				
Hudson Americas	$ 37,839	$ (15)	$ 37,824	$ 35,705
Hudson Europe	80,503	5,580	86,083	67,898
Hudson ANZ	72,974	(5,843)	67,131	59,026
Hudson Asia	9,078	(281)	8,797	7,018
Total	200,394	(559)	199,835	169,647
Direct costs:				
Hudson Americas	28,528	-	28,528	26,447
Hudson Europe	47,856	3,144	51,000	38,327
Hudson ANZ	48,715	(3,901)	44,814	40,272
Hudson Asia	304	(14)	290	411
Total	125,403	(771)	124,632	105,457
Gross margin:				
Hudson Americas	9,311	(15)	9,296	9,258
Hudson Europe	32,647	2,436	35,083	29,571
Hudson ANZ	24,259	(1,942)	22,317	18,754
Hudson Asia	8,774	(267)	8,507	6,607
Total	$ 74,991	$ 212	$ 75,203	$ 64,190
Selling, general and administrative (1)				
Hudson Americas	$ 9,572	$ (17)	$ 9,555	$ 11,935
Hudson Europe	32,473	2,435	34,908	30,456
Hudson ANZ	22,083	(1,789)	20,294	17,775
Hudson Asia	7,224	(201)	7,023	5,747
Corporate	5,007	-	5,007	4,240
Total	$ 76,359	$ 428	$ 76,787	$ 70,153

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