KFORCE INC
Form S-4/A
February 09, 2004
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As filed with the Securities and Exchange Commission on February 9, 2004

Registration No. 333-111566

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

KFORCE INC.

(Exact name of registrant as specified in its charter)

Florida	**7363**	**59-3264661**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

1001 East Palm Avenue

Tampa, Florida 33605

(813) 552-5000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David L. Dunkel

Chairman and Chief Executive Officer

Kforce Inc.

1001 East Palm Avenue

Tampa, Florida 33605

(813) 552-5000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copy to:

Robert J. Grammig, Esq.
Marni Morgan Poe, Esq.
Holland & Knight LLP
100 North Tampa Street, Suite 4100
Tampa, Florida 33602
Phone: (813) 227-6502
Fax: (813) 229-0134

Lawrence Calof, Esq.
Gibson, Dunn & Crutcher LLP
1881 Page Mill Road
Palo Alto, California 94304
Phone: (650) 849-5331
Fax: (650) 849-5333

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective time of the proposed merger described in the joint proxy statement/prospectus, which shall occur as soon as practicable after the effective date of this registration statement and the satisfaction or waiver of all conditions to the closing of such merger.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

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

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

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in

accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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

PRELIMINARY JOINT PROXY STATEMENT/PROSPECTUS

Subject to Completion, dated February 9, 2004

JOINT PROXY STATEMENT/PROSPECTUS

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Stockholders:

The boards of directors of Kforce Inc. and Hall, Kinion & Associates, Inc. have approved the acquisition of Hall Kinion by Kforce in a merger. In order to complete the merger, we must each obtain the approval of our stockholders. If the merger is completed, a wholly-owned subsidiary of Kforce will merge with and into Hall Kinion and Hall Kinion will become a wholly-owned subsidiary of Kforce. In the merger, Hall Kinion stockholders will receive, in exchange for shares of Hall Kinion common stock, an aggregate amount of fully paid and nonassessable shares of Kforce common stock based upon the exchange ratio. The exchange ratio is dependent on the Kforce stock market value. The Kforce stock market value is the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to the date of the merger. If the Kforce stock market value is equal to or greater than $7.09, but less than $9.60, then the exchange ratio will equal .60, which will result in Hall Kinion stockholders receiving between $54.6 million and $74.4 million in Kforce common stock. If the Kforce stock market value is equal to or greater than $9.60, then the exchange ratio will be $5.75 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no less than approximately $74.4 million. If the Kforce stock market value is less than $7.09, then the exchange ratio will be $4.25 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no more than approximately $54.6 million. Assuming the Kforce stock market value were equal to $10.32, which was the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to February 3, 2004, the exchange ratio would equal 0.557, which would result in Hall Kinion stockholders receiving approximately $74.4 million. We hope to complete the merger as soon as reasonably possible following the Hall Kinion and Kforce stockholder meetings. However, there may be some delay between the vote to approve the merger and when the merger is actually completed, during which time the price of Kforce common stock could decline. As a result, Hall Kinion stockholders will not know with certainty at the time they vote the value of the shares of Kforce common stock they will receive in the merger. Based on a Kforce stock market value of $10.32 and based on those assets and liabilities of Hall Kinion at September 28, 2003 and the pro forma adjustments on page F-3, the value of the identifiable assets, goodwill and liabilities of Hall Kinion to be acquired or assumed in the merger by Kforce would be $38.5 million, $76.8 million and $40.9 million, respectively. Kforce common stock is traded on the Nasdaq National Market under the symbol KFRC.

Subject to the limitations and qualifications summarized in The Merger Material United States Federal Income Tax Consequences section of this document beginning on page 62, the merger will be tax-free to Kforce shareholders and Hall Kinion stockholders, except to the extent of any cash received by Hall Kinion stockholders in the merger.

Kforce has scheduled a special meeting of its shareholders on March 11, 2004, at 10:00 a.m. local time to vote on the merger proposal at its corporate headquarters located at 1001 East Palm Avenue, Tampa, Florida 33605, and Hall Kinion has scheduled a special meeting of its stockholders on March 11, 2004, at 11:00 a.m. local time to vote on the merger proposal at the law offices of Gibson, Dunn & Crutcher LLP located at One Montgomery Street, Suite 3100, San Francisco, California 94104. Regardless of the number of shares that you own or whether you plan to attend a meeting, it is important that your shares be represented and voted. Voting instructions are inside.

The Kforce board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are advisable and in the best interests of Kforce and its shareholders. Accordingly, the Kforce board of directors recommends that Kforce shareholders vote to approve the issuance of shares of Kforce common stock pursuant to the merger agreement.

Similarly, the Hall Kinion board of directors has unanimously approved the merger agreement and determined that the merger agreement and the merger are advisable and in the best interests of Hall Kinion and its stockholders. Accordingly, the Hall Kinion board of directors recommends that Hall Kinion stockholders vote to adopt the merger agreement.

This document provides you with detailed information about the proposed merger. We encourage you to read this entire document carefully.

See Risk Factors beginning on page 23 of this document for a discussion of various risks you should consider in evaluating the merger.

We believe that this merger will benefit each of our stockholders and we ask for your support in voting for the merger proposal at each company s special meeting.

David L. Dunkel

Chairman and Chief Executive Officer

Kforce Inc.

Brenda C. Rhodes

Chairman and Chief Executive Officer

Hall, Kinion & Associates, Inc.

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

This joint proxy statement/prospectus is dated February , 2004, and is first being mailed to Kforce shareholders and Hall Kinion stockholders on or about February , 2004.

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KFORCE INC.

1001 EAST PALM AVENUE

TAMPA, FLORIDA 33605

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 11, 2004

To Kforce Inc. Shareholders:

You are cordially invited to attend a special meeting of shareholders of Kforce Inc. for the following purposes:

To consider and vote on a proposal to approve the issuance of shares of Kforce common stock under an Agreement and Plan of Merger, dated as of December 2, 2003, as amended, among Kforce, Novato Acquisition Corporation, a wholly-owned subsidiary of Kforce, and Hall, Kinion & Associates, Inc. A copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice; and

To transact other business as may properly be presented at the meeting or any postponements or adjournments of the meeting.

The date, time and place of the meeting are as follows:

March 11, 2004

10:00 a.m., local time

Kforce Inc.

1001 East Palm Avenue

Tampa, Florida 33605

Only shares of record at the close of business on February 9, 2004 are entitled to notice of and to vote at the meeting and any postponements or adjournments of the meeting. Kforce will keep at its offices in Tampa, Florida a list of shareholders entitled to vote at the meeting available for inspection for any purpose relevant to the meeting during normal business hours for the ten days before the meeting. As of February 9, 2004, there were shares of Kforce common stock outstanding. Each share of Kforce common stock is entitled to one vote on each matter properly brought before the meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY IN ANY ONE OF THE FOLLOWING WAYS:

USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD;

USE THE INTERNET WEBSITE SHOWN ON THE PROXY CARD; OR

COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE. IT REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus. If you attend the special meeting of shareholders, you may vote your shares in person even if you have previously submitted a proxy.

The board of directors of Kforce unanimously recommends that you vote to approve the merger proposal, which is described in the accompanying joint proxy statement/prospectus.

By Order of the Board of Directors,

William L. Sanders

Secretary

Tampa, Florida

February   , 2004

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HALL, KINION & ASSOCIATES, INC.

75 ROWLAND WAY, SUITE 200

NOVATO, CALIFORNIA 94945

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 11, 2004

To Hall, Kinion & Associates, Inc. Stockholders:

You are cordially invited to attend a special meeting of stockholders of Hall, Kinion & Associates, Inc. for the following purposes:

To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 2, 2003, as amended, among Hall Kinion, Kforce Inc., and Novato Acquisition Corporation, a wholly-owned subsidiary of Kforce. A copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice. Approval and adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement; and

To transact other business as may properly be presented at the meeting or any postponements or adjournments of the meeting.

The date, time and place of the meeting are as follows:

March 11, 2004

11:00 a.m., local time

Law Offices of Gibson, Dunn & Crutcher LLP

One Montgomery Street

Suite 3100

San Francisco, California 94104

Only stockholders of record at the close of business on February 2, 2004 are entitled to notice of and to vote at the meeting and any postponements or adjournments of the meeting. Hall Kinion will keep at its offices in Novato, California a list of stockholders entitled to vote at the meeting available for inspection for any purpose relevant to the meeting during normal business hours for the ten days before the meeting.

As of February 2, 2004, there were 12,589,428 shares of Hall Kinion common stock outstanding. Each share of Hall Kinion common stock is entitled to one vote on each matter properly brought before the meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY IN ANY ONE OF THE FOLLOWING WAYS:

USE THE TOLL-FREE TELEPHONE NUMBER SHOWN ON THE PROXY CARD;

USE THE INTERNET WEBSITE SHOWN ON THE PROXY CARD; OR

COMPLETE, SIGN, DATE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE. IT REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus. If you attend the special meeting of stockholders, you may vote your shares in person even if you have previously submitted a proxy.

The board of directors of Hall Kinion unanimously recommends that you vote to approve the merger proposal which is described in the accompanying joint proxy statement/prospectus.

By Order of the Board of Directors,

Martin A. Kropelnicki

Secretary

Novato, California

February   , 2004

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about Kforce and Hall Kinion that is not included in or delivered with this document. See Where You Can Find More Information beginning on page 89.

You can obtain any of the documents incorporated by reference into this document from Kforce or Hall Kinion, respectively, or from the SEC s website at http://www.sec.gov. Documents incorporated by reference are available from Kforce or Hall Kinion, respectively, without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into this document. You may obtain documents incorporated by reference into this document by requesting them in writing or by telephone from the applicable company as follows:

Kforce Inc.	Hall, Kinion & Associates, Inc.
1001 East Palm Avenue	75 Rowland Way, Suite 200
Tampa, Florida 33605	Novato, California 94945
Attention: Investor Relations	Attention: Investor Relations
Telephone: (813) 552-5000	Telephone: (415) 895-2200

If you would like to request documents incorporated by reference, please do so by March 1, 2004, to receive them before your company s special meeting. Please be sure to include your complete name and address in your request. If you request any documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

This joint proxy statement/prospectus is accompanied by a copy of Hall Kinion s Annual Report on Form 10-K for the fiscal year ended December 29, 2002, as filed with the SEC on March 31, 2003, and Hall Kinion s latest Quarterly Report on Form 10-Q for the quarter ended September 28, 2003, as filed with the SEC on November 12, 2003. The enclosed 10-K and 10-Q of Hall Kinion include important business and financial information about Hall Kinion that is not included in this document. See Where You Can Find More Information beginning on page 89.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Kforce and Hall Kinion proposing the merger?

A: Kforce and Hall Kinion believe that the merger of Hall Kinion with Kforce will allow the combined company to leverage complementary strengths in technology and finance and accounting staffing services. Bringing together two strong brands will benefit current and prospective candidates and client customers and employees. We believe this combination should improve Kforce s liquidity and trading fundamentals and create a stronger public company with better capital market access. During the past three years, Hall Kinion has experienced a substantial reduction in revenues, primarily as a result of the downturn in the high technology business sector, which had been the historical focus of Hall Kinion s business. As a result, Hall Kinion has taken actions to reduce costs in order to match revenues and expenses. During recent years, the costs of being a public company have significantly increased. We believe the potential elimination of significant duplicate public company and executive, general and administrative costs will provide greater earnings and cash flow potential for the combined company, and ultimately greater value to each company s stockholders. As a result of these and other factors, the Hall Kinion board of directors concluded that it was in the best interests of Hall Kinion stockholders for Hall Kinion to seek a merger with a larger company that could finance growth from the combination of the companies and achieve synergies from the integration of the companies executive, general and other administrative functions.

Q: What do I need to do now?

A: After you carefully read this document, mail your signed proxy card in the enclosed return envelope, or submit your proxy by telephone or on the Internet, as soon as possible, so that your shares may be represented at your meeting. In order to ensure that your vote is recorded, please vote your proxy as instructed on your proxy card even if you currently plan to attend your company s special meeting in person.

Q: Why is my vote important?

A: If you do not return your proxy card or submit your proxy by telephone or through the Internet or vote in person at your company s special meeting, it will be more difficult for Kforce and Hall Kinion to obtain the necessary quorum to hold their special meetings. In addition, if you are a Kforce shareholder, a failure to vote will reduce the number of affirmative votes required to approve the issuance of shares of Kforce common stock in the merger. If you are a Kforce shareholder and you abstain from voting, your abstention will reduce the number of affirmative votes required to approve the issuance of shares of Kforce common stock in the merger. If you are a Hall Kinion stockholder, a failure to vote, or an abstention from voting, will have the same effect as a vote against the adoption of the merger agreement.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: No. If you do not provide your broker with instructions on how to vote your street name shares, your broker will not be permitted to vote them on the adoption of the merger agreement by Hall Kinion stockholders or the approval of the issuance of shares of Kforce common stock in the merger. You should therefore be sure to provide your broker with instructions on how to vote your shares. Please check the voting form used by your broker to see if it offers telephone or Internet submission of proxies.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the respective special meeting but will not count as a

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vote cast at the special meeting. With respect to the Kforce special meeting, broker non-votes will reduce the number of affirmative votes required to approve the issuance of shares of Kforce common stock in the merger. With respect to the Hall Kinion special meeting, broker non-votes will have the same effect as negative votes.

Q: Can I change my vote after I have mailed my proxy card?

A: Yes. You can change your vote at any time before your proxy is voted at your company s special meeting. You can do this in any of the following ways:

- timely delivery of a valid, later-dated proxy by mail, or a later-dated proxy by telephone or Internet;
- if you are a Kforce shareholder, by timely delivery of a valid, later dated proxy by telephone by calling 1-877-PRX-VOTE (1-877-779-8683);
- if you are a Kforce shareholder, by timely delivery of a valid, later dated proxy via the Internet at http://www.eproxyvote.com/kfrc;
- if you are a Hall Kinion stockholder, by timely delivery of a valid, later dated proxy by telephone by calling 1-888-426-7035;
- if you are a Hall Kinion stockholder, by timely delivery of a valid, later dated proxy via the Internet at http://www.proxyvoting.com/haki;
- written notice to your company s secretary before the special meeting that you have revoked your proxy; or
- voting by ballot at either the Kforce special meeting or the Hall Kinion special meeting.

If you have instructed a broker to vote your shares, you must follow directions from your broker to change those instructions.

Q: When and where are the special meetings?

A: The Kforce special meeting will take place on March 11, 2004, at its corporate headquarters located at 1001 East Palm Avenue, Tampa, Florida 33605 at 10:00 a.m. local time. The Hall Kinion special meeting will take place on March 11, 2004, at the law offices of Gibson, Dunn & Crutcher LLP located at One Montgomery Street, Suite 3100, San Francisco, California 94104, at 11:00 a.m. local time.

Q: How was the exchange ratio and the relevant collar determined?

A: The exchange ratio of .60 was negotiated between the parties and reflects the parties views of the approximate relative worth of Kforce and Hall Kinion. The 15% collar was also a negotiated point which recognizes that there is likely to be some fluctuation in the market prices in the common stock of the two companies that would not warrant adjusting the consideration to be paid.

Q: Should I send in my stock certificates now?

A: No. After the merger is completed, Kforce will send Hall Kinion stockholders written instructions for exchanging their stock certificates. Kforce shareholders will keep their existing stock certificates.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger by March 31, 2004. However, it is possible that factors outside of our control could require us to complete the merger at a later time or not complete it at all. We hope to

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complete the merger as soon as reasonably possible following the Hall Kinion and Kforce stockholder meetings. However, there may be some delay between the vote to approve the merger and when the merger is actually completed.

Q: Will Kforce shareholders receive any shares as a result of the merger?

A: No. Kforce shareholders will continue to hold the Kforce shares they currently own.

Q: Who do I call if I have questions about the special meetings or the merger?

A: Kforce shareholders may call Michael Blackman, Vice President Investor Relations, at (813) 552-5000.

Hall Kinion stockholders may call Martin A. Kropelnicki, Vice President, Chief Financial Officer and Secretary, at (415) 895-2200.

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SUMMARY

This summary highlights material information in this joint proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this document and the other documents to which we have referred you. See Where You Can Find More Information beginning on page 89 for more details. We have included page references directing you to a more complete description of each item presented in this summary.

The Companies

Kforce Inc.

1001 East Palm Avenue

Tampa, Florida 33605

(813) 552-5000

Headquartered in Tampa, Florida, Kforce is a full-service specialty staffing firm providing flexible and permanent staffing solutions for hiring organizations and career management for job seekers in the specialty skill areas of:

- Information Technology;
- Finance and Accounting;
- Pharmaceutical;
- HealthCare; and
- Scientific.

Kforce was formed in August 1994 as a result of the combination of Romac & Associates, Inc. and three of its largest franchises. Following an Initial Public Offering in 1995, Kforce grew to 31 offices in 18 major markets. On April 20, 1998, Kforce consummated a merger whereby Source Services Corporation was merged into Kforce. The acquisition was accounted for using the pooling of interests method of accounting; accordingly, all historical results were restated to reflect the merger. Kforce now operates through 64 locations in over 40 markets and serves clients from Fortune 1000 as well as local and regional small to mid-size companies, with our largest ten clients representing approximately 14% of revenue in 2002.

Hall, Kinion & Associates, Inc.

75 Rowland Way, Suite 200

Novato, California 94945

(415) 895-2200

Hall, Kinion, The Talent Source® for specialized professionals, delivers world-class talent on a contract and full-time basis to high-demand sectors. Hall Kinion finds, evaluates and places industry-specific Technology and Corporate Professionals.

Founded in 1991, Hall Kinion completed its initial public offering in 1997. Hall Kinion operates two divisions, both of which provide consultants and direct-hire talent: the Technology Professional Division places highly-skilled experts in positions ranging from software engineering to CTO into technology, financial services, healthcare, government and energy sectors; and the Corporate Professional Services Division (OnStaff) places specialists at all levels into real estate, financial services and healthcare sectors. Hall Kinion®, The Talent Source® and OnStaff® are registered trademarks of Hall Kinion.

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The Merger (Page 38)

In the merger, a wholly-owned subsidiary of Kforce, Novato Acquisition Corporation, will merge with and into Hall Kinion and Hall Kinion will become a wholly-owned subsidiary of Kforce. ***The merger agreement, as amended, is attached as Annex A to this joint proxy statement/prospectus and we encourage you to read it carefully.***

What You Will Receive in the Merger (Page 66)

In the merger, Hall Kinion stockholders will receive, in exchange for shares of Hall Kinion common stock, an aggregate amount of fully paid and nonassessable shares of Kforce common stock based upon the exchange ratio. The exchange ratio is dependent on the Kforce stock market value. The Kforce stock market value is the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to the date of the merger. If the Kforce stock market value is equal to or greater than $7.09, but less than $9.60, then the exchange ratio will equal .60, which will result in Hall Kinion stockholders receiving between $54.6 million and $74.4 million in Kforce common stock. If the Kforce stock market value is equal to or greater than $9.60, then the exchange ratio will be $5.75 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no less than approximately $74.4 million. If the Kforce stock market value is less than $7.09, then the exchange ratio will be $4.25 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no more than approximately $54.6 million. The exchange ratio and collar adjustments were determined by arms-length negotiation between Hall Kinion and Kforce after consultation by each of the parties with their respective financial and legal advisors. Assuming the Kforce stock market value is equal to $10.32, which was the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to February 3, 2004, the exchange ratio would equal 0.557, which would result in Hall Kinion stockholders receiving approximately $74.4 million. We hope to complete the merger as soon as reasonably possible following the Hall Kinion and Kforce stockholder meetings. However, there may be some delay between the Hall Kinion stockholders vote to approve the merger and when the merger is actually completed, during which time the price of Kforce common stock could decline. As a result, Hall Kinion stockholders will not know with certainty at the time they vote the value of the shares of Kforce common stock they will receive in the merger. Based on a Kforce stock market value of $10.32 and based on those assets and liabilities of Hall Kinion at September 28, 2003 and the pro forma adjustments on page F-3, the value of the identifiable assets, goodwill and liabilities of Hall Kinion to be acquired or assumed in the merger by Kforce would be $38.5 million, $76.8 million and $40.9 million, respectively.

In addition, Hall Kinion stockholders will receive cash instead of any fractional shares of Kforce common stock to which they are otherwise entitled. The holders of shares of Hall Kinion common stock who would otherwise have been entitled to a fraction of a share of Kforce common stock pursuant to the merger agreement will receive cash in an amount equal to the product of the fractional interest of Kforce common stock the Hall Kinion stockholder would have been entitled to receive multiplied by the Kforce stock market value. For example, if a Hall Kinion stockholder would have been entitled to receive 0.5 shares of Kforce common stock and the Kforce stock market value were $10.32 per share, such Hall Kinion stockholder would receive $5.16 in cash in lieu of 0.5 shares of Kforce common stock. Hall Kinion and Kforce currently estimate that not more than $1,000 cash in the aggregate will likely be paid to holders of Hall Kinion common stock in lieu of fractional shares.

Each outstanding, unexercised and fully vested option to purchase Hall Kinion common stock with an exercise price less than (i) the Kforce stock market value *multiplied by* (ii) the exchange ratio will automatically be converted into the right to receive an aggregate amount of shares of Kforce common stock as if such option had been exercised on a net-exercise basis immediately prior to the closing of the merger. All other outstanding options will be automatically cancelled. The term net-exercise basis means that the number of Hall Kinion shares an option holder will be deemed to own will be decreased by the exercise price of such options and the taxes required to be withheld as a result of the exercise. For example, if an individual has options to purchase 100 shares of Hall Kinion stock at $1.00 per share and at the time of the merger the Kforce stock market value is $10.32 per share, assuming a withholding tax rate of 29.6%, Kforce would issue the option holder 32 shares of Kforce common stock based on the following calculation: 100 Hall Kinion option shares multiplied by the exchange ratio of 0.557 equals 55.7 shares. The sum of the aggregate exercise price of $100 plus the withholding tax of $140.60 [($5.75-$1.00) x 100 shares x the assumed tax rate of 29.6%] equals $240.60. $240.60 divided by the Kforce stock market value of $10.32 equals 23.3 shares. The option holder would be entitled to receive 55.7 shares less 23.3 shares or 32.4 shares. Because Kforce will be paying cash in lieu of fractional shares, the option holder will receive 32 shares of Kforce common stock.

Assuming the Kforce stock market value were equal to $10.32, which was the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to February 3, 2004, vested options to purchase 1,065,689 shares of Hall Kinion common stock would be in-the-money and would be converted into 176,023 shares of Kforce common stock.

The following table illustrates the aggregate merger consideration and aggregate number of shares of Kforce common stock that Hall Kinion stockholders will receive in the merger in exchange for all of the outstanding shares of Hall Kinion common stock, at different Kforce stock market values randomly selected by us. While there is no maximum number of shares of Kforce common stock to be issued in the merger, if the merger is consummated, Hall Kinion stockholders will receive no less than approximately $54.6 million and no more than approximately $74.4 million. Kforce has the right, under the terms of the merger agreement, to terminate the merger agreement if the Kforce stock market value is below $6.00. The number of shares in the far right column includes outstanding Hall Kinion options converted into Kforce shares.

Kforce Price	Exchange Ratio (rounded)	Implied Value Paid	Value Paid per Share	Kforce Shares Issued
$6.00	.708	$ 54,618,375	$ 4.25	9,103,062
$7.09	.600	$ 54,695,514	$ 4.25	7,714,459
$7.90	.600	$ 61,251,986	$ 4.74	7,753,416
$8.34	.600	$ 64,701,720	$ 5.00	7,758,000
$8.55	.600	$ 66,367,759	$ 5.13	7,762,311
$9.59	.600	$ 74,467,903	$ 5.75	7,765,162
$10.32	.557	$ 74,393,350	$ 5.75	7,208,658

Ownership of Kforce After the Merger

Kforce and Hall Kinion expect that the number of shares of Kforce common stock issued to Hall Kinion stockholders in the merger will constitute approximately 19.5% of the outstanding common stock of Kforce after the merger, based on the assumptions set forth in the pro forma condensed combined financial statements and assuming the conversion of all vested in-the-money options to purchase shares of Hall Kinion common stock into shares of Kforce common stock under the merger agreement.

Stockholder Votes Required (Pages 33 and 35)

For Kforce shareholders:

Approval of the proposal to issue shares of Kforce common stock in the merger requires the affirmative vote of holders of a majority of the shares of Kforce common stock present or represented by proxy and entitled to vote at the Kforce special meeting. Approval of the proposal to issue shares of Kforce common stock in the merger is a condition to the completion of the merger. Therefore, if shareholders wish to have the merger completed, they must approve the proposal.

On the record date, directors and executive officers of Kforce and their affiliates had the right to vote shares of Kforce common stock, representing approximately % of the shares of Kforce common stock outstanding on the record date. To Kforce s knowledge, directors and executive officers of Kforce and their

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affiliates intend to vote their common stock in favor of the proposal to issue shares of Kforce common stock in the merger.

Each of David L. Dunkel, Richard M. Cocchiaro, Joseph J. Liberatore, Ken W. Pierce, William L. Sanders and Howard W. Sutter, each a director and/or executive officer of Kforce, who as of December 19, 2003, beneficially owned shares of Kforce common stock representing approximately 31.59% of the voting power of Kforce, has entered into a voting agreement with Hall Kinion in which he has agreed to vote (i) in favor of the approval of the merger agreement, (ii) against any action that would result in any of the conditions of Hall Kinion s obligations under the merger agreement not being fulfilled, (iii) against any action that would result in a breach by Kforce of any of its covenants, representations or warranties under the merger agreement, and (iv) against the election of a group of individuals to replace a majority or more of the individuals on the Kforce board of directors. A form of Kforce voting agreement is attached to this joint proxy statement/prospectus as part of Annex A. You should read it in its entirety.

For Hall Kinion Stockholders:

Adoption of the merger agreement requires the affirmative vote of at least a majority of the outstanding shares of Hall Kinion common stock. On the record date, directors and executive officers had the right to vote shares of Hall Kinion common stock, representing approximately 30.2% of the shares of Hall Kinion common stock outstanding and entitled to vote at the special meeting. To Hall Kinion s knowledge, directors and executive officers of Hall Kinion and their affiliates intend to vote their common stock in favor of the adoption of the merger agreement.

Each of Brenda C. Rhodes, Jeffrey A. Evans, Herbert I. Finkelman, Rita S. Hazell, Todd J. Kinion, Martin A. Kropelnicki, Jon H. Rowberry, Jack F. Jenkins-Stark and Michael S. Stein, each a director and/or executive officer of Hall Kinion, who together beneficially own shares of Hall Kinion common stock representing approximately 30.2% of the voting power of Hall Kinion, has entered into a voting agreement with Kforce in which he or she has agreed to vote (i) in favor of the approval of the merger agreement, (ii) against any action that would result in any of the conditions of Kforce s obligations under the merger agreement not being fulfilled, (iii) against any action that would result in a breach by Hall Kinion of any its covenants, representations or warranties under the merger agreement, and (iv) against (A) any third party acquisition proposal, or (B) the election of a group of individuals to replace a majority or more of the individuals on the Hall Kinion board of directors. A form of Hall Kinion voting agreement is attached to this joint proxy statement/prospectus as part of Annex A. You should read it in its entirety.

Conditions to the Consummation of the Merger (Page 75)

The completion of the merger depends on the satisfaction or waiver of a number of conditions set forth in the merger agreement, including, but not limited to, the following:

- the approval of the merger and the adoption of the merger agreement by the stockholders of Hall Kinion and the approval of the issuance of the shares of Kforce common stock in the merger by the shareholders of Kforce;
- the approval of the shares of Kforce common stock to be issued to Hall Kinion stockholders in the merger for trading on the Nasdaq National Market;
- the registration statement of which this joint proxy statement/prospectus is a part being declared effective by the SEC and the absence of any stop order suspending the effectiveness of the registration statement;

the accuracy of all representations and warranties as of the date of the merger agreement and the closing date, as qualified in the merger agreement;

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the performance or compliance in all material respects with all agreements and covenants set forth in the merger agreement;

the receipt of all consents and approvals of third parties as set forth in the merger agreement;

the absence of any law, temporary restraining order, injunction or other order issued by a court that has the effect of making the merger illegal or otherwise prohibiting the merger;

the expiration or termination of the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

the receipt by Kforce and Hall Kinion of a legal opinion that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

At any time prior to the effective time of the merger, Kforce and Hall Kinion may, to the extent legally allowed, extend the time for performance of any of the obligations or other acts set forth in the merger agreement, waive any inaccuracies in the representations or warranties set forth in the merger agreement and waive compliance with any of the agreements or conditions set forth in the merger agreement.

Kforce and Hall Kinion cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (Page 77)

Kforce and Hall Kinion may terminate the merger agreement by mutual written consent.

Either Kforce or Hall Kinion may terminate the merger agreement if:

the merger is not completed by April 30, 2004 but only if the party seeking termination did not fail to fulfill any obligation under the merger agreement that has been a material cause of the failure of the closing to occur on or before April 30, 2004;

any governmental entity issues a non-appealable final order permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the merger agreement or fails to issue an order necessary to satisfy a closing condition to the merger and such failure becomes final and non-appealable;

the other party materially breaches any of the representations or warranties set forth in the merger agreement, and such breach or failure cannot be cured before April 30, 2004;

the other party materially breaches any of its covenants or agreements set forth in the merger agreement, and such breach cannot be cured within 20 business days after written notice thereof;

under certain circumstances, Hall Kinion takes action with respect to or pursues an unsolicited third-party acquisition proposal that is or may be superior to the merger with Kforce; or

Hall Kinion stockholders do not approve the merger and adopt the merger agreement or Kforce shareholders do not approve the issuance of shares of Kforce common stock pursuant to the merger agreement.

Kforce may terminate the merger agreement if:

the Hall Kinion board of directors withdraws, modifies, qualifies or fails to make or reconfirm its recommendation to the Hall Kinion stockholders, or Hall Kinion willfully and materially breaches its obligation to call a stockholders meeting;

Hall Kinion willfully and materially breaches its non-solicitation obligations; or

between December 2, 2003 and the closing of the merger, the average of the closing sales prices of Kforce common stock on the Nasdaq National Market shall have been less than $6.00 per share for 15 consecutive trading days.

Hall Kinion may terminate the merger agreement if:

the Kforce board of directors withdraws, modifies, qualifies or fails to make its recommendation to the Kforce shareholders, or Kforce willfully and materially breaches its obligation to call a shareholders meeting.

Termination Fees (Page 78)

Termination of the merger by Kforce under specified circumstances, including if (i) Hall Kinion enters into or consummates a similar transaction with a third party, (ii) the Hall Kinion board of directors withdraws, modifies, qualifies or fails to make its recommendation to the Hall Kinion stockholders, or (iii) Hall Kinion materially breaches its obligation to call a stockholders meeting, could result in Hall Kinion being required to pay to Kforce a termination fee in an amount equal to $2.0 million. In addition to the termination fee, Hall Kinion must pay Kforce an amount equal to the difference, if any, between 3% of the transaction value paid to Hall Kinion s stockholders by a third party and $2.0 million if: (i) at any time after the date of the merger agreement and before Hall Kinion s stockholders approve the merger, a third party acquisition proposal with respect to Hall Kinion has been publicly announced or otherwise communicated to the stockholders of Hall Kinion; and (ii) prior to December 31, 2004, Hall Kinion or any of its subsidiaries enters into any definitive agreement with respect to, or consummates, any acquisition proposal. Such additional termination fee could discourage other companies from trying or proposing to combine with Hall Kinion.

Termination of the merger by Hall Kinion under specified circumstances, including if Kforce s board of directors withdraws, modifies, qualifies or fails to make its recommendation to the Kforce shareholders, or Kforce materially breaches its obligation to call a shareholders meeting, could result in Kforce being required to pay to Hall Kinion a termination fee in the amount of $2.0 million.

Recommendation of Kforce s Board of Directors (Page 43)

The Kforce board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and has deemed the merger advisable and determined that the consideration to be paid by Kforce in the merger is fair and in the best interest of Kforce and its shareholders. The Kforce board of directors recommends that Kforce shareholders vote for the approval of the issuance of Kforce common stock in the merger.

In reaching its decision, the Kforce board of directors consulted with its management team and advisors and considered the proposed merger agreement and the transactions contemplated by the merger agreement. During the course of its deliberations, the Kforce board of directors considered a number of factors, including without limitation:

the high quality of the operational personnel and the compatibility of the cultures of the two companies;

the combination of executive, general and administrative functions;

elimination of Hall Kinion s public company costs;

the consideration to be paid by Kforce in the merger;

the strategic and geographic fit of Kforce and Hall Kinion;

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information concerning Kforce s and Hall Kinion s respective businesses, prospects, strategic business plans, financial performances and conditions, results of operations, technology positions, management and competitive positions;

the view of Kforce s management as to the financial condition, results of operations and business of Kforce and Hall Kinion before and after giving effect to the merger, based on management s due diligence, internal projections, publicly available earnings estimates and other publicly available information;

the opinion of Lehman Brothers to the effect that, as of the date of that opinion, and based upon and subject to the matters described in its opinion, the exchange ratio to be paid by Kforce pursuant to the merger agreement is fair to Kforce from a financial point of view;

information concerning historical and current market prices with respect to Kforce s common stock and Hall Kinion s common stock;

the likelihood of a successful integration and the successful operation of the combined company;

the shareholders view of the combined company;

the terms and conditions of the merger agreement, the voting agreements, and the affiliate agreements, including without limitation the termination fees; and

the likelihood that the merger will be completed.

During the course of its deliberations concerning the merger, the Kforce board of directors also identified and considered a variety of potentially negative factors that could materialize as a result of the merger, including, but not limited to:

the risk that the potential benefits of the merger may not be realized, including that the expected operating synergies might not be achieved;

the possibility that the merger might not be consummated and the effect of the public announcement of the merger on Kforce s partners, customers and employees;

the risks associated with obtaining the necessary approvals required to complete the merger;

the transaction costs involved in connection with closing the merger;

the potential inability to realize certain Federal and state tax benefits through future income. No value will be assigned to the Hall Kinion deferred tax asset in the asset allocation;

the management efforts and costs required to complete the integration of the businesses and operations of the two companies following the merger;

- the risk that sales of substantial amounts of Kforce common stock in the public market after the proposed merger could materially adversely affect the market price of Kforce common stock;

- the risk that customers and other business partners of Hall Kinion might terminate their relationships as a result of the merger; and

- the other risks described under the section entitled Risk Factors beginning on page 23.

Recommendation of Hall Kinion s Board of Directors (Page 45)

The Hall Kinion board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and believes that the terms of the merger agreement and the merger are fair to, and in the best interests of, Hall Kinion and its stockholders. The Hall Kinion board of directors recommends that the Hall Kinion stockholders approve the merger and adopt the merger agreement.

In reaching its decision, the Hall Kinion board of directors consulted with its management team and advisors and considered the proposed merger agreement and the transactions contemplated by the merger agreement. During the course of its deliberations, the Hall Kinion board of directors considered a number of factors, including without limitation:

current market prices for Hall Kinion common stock, the fluctuation in historical trading prices of the Hall Kinion common stock, the lack of liquidity in the market for Hall Kinion common stock, the inability to use Hall Kinion common stock at current price levels as consideration for acquisitions, which limits Hall Kinion s growth potential, and the fact that the merger consideration includes a premium over the market price for Hall Kinion common stock on the last trading day before the merger was announced;

the greater liquidity of Kforce s common stock following the merger as compared to Hall Kinion s common stock;

the fact that Hall Kinion s stockholders will have the opportunity to participate in the growth and opportunities of the combined company;

the likelihood that other offers or expressions of interest at prices higher than the merger consideration would have been expected to have surfaced prior to the execution of the merger agreement as a result of the marketing efforts conducted by Baird;

the Hall Kinion board of directors knowledge of Hall Kinion s business, current financial condition and liquidity, the nature of the markets in which Hall Kinion competes and Hall Kinion s position in those markets, Hall Kinion s prospects for future growth as an independent company as compared with prospects as part of a larger enterprise; and the likelihood of further consolidation occurring in the industry and the effects of such consolidation;

the historical and potentially continuing downturn in technology spending, particularly by companies that historically had been part of Hall Kinion s primary customer base, and the downturn in the demand for services in Hall Kinion s OnStaff division;

the potential reduction in Hall Kinion s liquidity under its line of credit as a result of decreased revenues, which results in a reduced borrowing base;

the potential synergies, cost savings and economies of scale resulting from the combined executive, general and administrative functions of the two companies following the merger;

Hall Kinion s ability, subject to certain conditions, to respond to, and to accept, an unsolicited offer that is superior to the merger, if failing to do so would breach the fiduciary responsibilities of the Hall Kinion board of directors;

the fact that the merger is a tax-free reorganization, which will permit Hall Kinion stockholders to defer payment of capital gains taxes until they sell shares of Kforce common stock received in the merger;

the other terms of the merger agreement; and

the analyses and financial presentations to the Hall Kinion board of directors in connection with the Hall Kinion board of directors consideration of the merger, including the opinion of Baird that the exchange ratio to be received by the Hall Kinion stockholders was fair, from a financial point of view.

In addition to the positive factors summarized above, the Hall Kinion board of directors also considered the following negative factors in reaching its determination:

- the possibility that the merger might not be consummated, the impact of the transaction costs incurred if the merger is not completed, the risks associated with potential fluctuations in the price of Kforce common stock prior to the closing of the merger, including Kforce s right to terminate the merger if its

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stock price decreases to less than $6.00 per share over a period of time prior to the closing of the merger and the effect of the public announcement of the merger on Hall Kinion s sales, operating results, stock price and relations with employees and customers;

the risk that the potential benefits and synergies in the merger might not be fully realized;

the risk of a stock price decline in Kforce stock following the completion of the merger;

the costs and potential operational problems that may be incurred in the integration of the two companies operations;

the risks associated with diversion of management resources from operational matters for an extended period of time; and

the risks described under the section entitled Risk Factors beginning on page 23 of this joint proxy statement/prospectus.

Kforce s Termination Rights (Page 77)

Kforce may terminate the merger agreement if the average of the closing share price of Kforce common stock on the Nasdaq National Market shall have been less than $6.00 per share for 15 consecutive trading days. Although a resolicitation of proxies from our shareholders is not required, Kforce has not concluded whether it would resolicit proxies if it has the opportunity to exercise its walk-away rights. Kforce s determination of whether to proceed with the transaction in such a case will be based upon its board s careful consideration, exercising its reasonable business judgment consistent with its fiduciary duties to Kforce s shareholders, of the impact of the event triggering any walk-away rights on the valuation of Hall Kinion s business in the merger and other strategic alternatives to the merger which may then be available to Kforce, as well as general market and industry conditions. Kforce s board of directors reserves the right not to proceed with a resolicitation of proxies and to consummate the transaction if, taking into account its responsibilities, it determines that proceeding with the transaction is in its shareholders best interest.

Opinion of Kforce s Financial Advisor (Page 46)

In connection with the merger, the Kforce board of directors received a written opinion from Lehman Brothers as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid in the merger by Kforce. The full text of the Lehman Brothers written opinion, dated December 2, 2003, is attached to this joint proxy statement/prospectus as Annex B. Kforce and Hall Kinion encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **The Lehman Brothers opinion is addressed to the Kforce board of directors and does not constitute a recommendation to any shareholder with respect to any matters relating to the proposed merger.**

Opinion of Hall Kinion s Financial Advisor (Page 53)

In connection with the merger, the Hall Kinion board of directors received a written opinion from Robert W. Baird & Co. Incorporated as to the fairness, from a financial point of view, of the exchange ratio to be received in the merger by the holders of Hall Kinion common stock. The full text of the Robert W. Baird & Co. Incorporated written opinion, dated December 2, 2003, is attached to this joint proxy statement/prospectus as Annex C. Kforce and Hall Kinion encourage you to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. **The Robert W. Baird & Co. Incorporated opinion is addressed to the Hall Kinion board of directors, and does not constitute a recommendation to any stockholder with respect to any matters relating to the proposed merger.**

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Material United States Federal Income Tax Consequences (Page 62)

The exchange of Hall Kinion common stock for Kforce common stock, other than cash paid for fractional shares, is intended to be tax-free to you for United States federal income tax purposes. Hall Kinion and Kforce will not be obligated to consummate the merger unless they receive legal opinions to the effect that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. However, neither Kforce nor Hall Kinion has requested nor will either request a ruling from the Internal Revenue Service with regard to any of the tax consequences of the merger. If the Internal Revenue Service were to assert successfully that the merger is not a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, then the exchange of Hall Kinion common stock for Kforce common stock would not be tax-free to you. Tax matters are very complicated and the tax consequences of the merger to you will depend on your own personal circumstances. **You should consult your tax advisor for a full understanding of all of the federal, state, local and foreign income and other tax consequences of the merger to you.**

Accounting Treatment (Page 64)

The merger will be accounted for as a purchase under accounting principles generally accepted in the United States of America.

Interests of Hall Kinion Directors and Officers in the Merger (Page 83)

Certain Hall Kinion directors and executive officers have interests in the merger that are different from, or are in addition to, those of other stockholders. These interests include: (i) the continued indemnification of current directors and officers of Hall Kinion; (ii) in the case of Brenda C. Rhodes and Rita S. Hazell, change of control payments in the amount of $1.1 million and $980,000 owed to them, respectively, as a result of the merger; (iii) in the case of Ms. Rhodes, Ms. Hazell, Martin A. Kropelnicki and David Healey, the acceleration of the vesting of certain stock options held by them; (iv) in the case of Ms. Rhodes, the acceleration of $1.05 million in compensation otherwise owed to her; and (v) in the case of Ms. Rhodes and Ms. Hazell, the acceleration of the forgiveness of approximately $302,000 and $58,000 of indebtedness owed to Hall Kinion by Ms. Rhodes and Ms. Hazell, respectively. The members of Hall Kinion s board of directors were aware of, and considered the interests of, themselves and Hall Kinion s executive officers in approving the merger and adopting the merger agreement.

Regulatory Clearances and Approvals (Page 65)

Kforce and Hall Kinion have notified and furnished information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the applicable waiting period has terminated. Although the waiting period has terminated, the Federal Trade Commission, the Antitrust Division, any state or any private party may challenge the merger at any time before or after its completion.

No Appraisal Rights (Page 65)

Stockholders are not entitled to appraisal rights in connection with the merger.

Quotation on the Nasdaq National Market (Page 65)

Kforce s common stock is currently traded on the Nasdaq National Market under the symbol KFRC. It is a condition to the merger that the shares of Kforce common stock to be issued in the merger be approved for trading on the Nasdaq National Market subject to official notice of issuance.

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Kforce Selected Historical Consolidated Financial Data

The selected consolidated historical financial information set forth below under the captions Consolidated Statement of Operations Data and Consolidated Balance Sheet Data for, and as of the end of, each of the fiscal years in the five-year period ended December 31, 2002, are derived from Kforce s historical audited financial statements. The selected consolidated historical financial information set forth below for the nine-month periods ended September 30, 2003 and 2002 are derived from Kforce s unaudited condensed consolidated historical financial statements, and in the opinion of Kforce s management reflects all adjustments necessary for the fair presentation of this unaudited consolidated historical financial information. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations of Kforce and the consolidated financial statements and notes thereto incorporated by reference into this joint proxy statement/prospectus. Historical results are not necessarily indicative of results to be expected for any future period.

	Year Ended December 31					Nine Months Ended September 30	
	1998	1999	2000	2001	2002	2002	2003
	(In thousands, except per share amounts)						
Consolidated Statement of Operations Data:							
Net service revenues	$ 685,704	$ 754,710	$ 805,020	$ 658,417	$ 513,547	$ 390,040	$ 369,847
Direct costs of services	394,123	432,079	443,464	406,017	345,585	260,904	254,776
Gross profit	291,581	322,631	361,556	252,400	167,962	129,136	115,071
Selling, general and administrative expenses	224,790	346,452	341,812	244,792	168,233	123,701	108,649
Depreciation and amortization	9,507	14,514	18,440	17,325	9,629	7,613	3,203
Merger, restructuring, and integration expense	26,122						
Income (loss) from operations	31,162	(38,335)	1,304	(9,717)	(9,900)	(2,178)	3,219
Other (income) expense, net	(4,985)	(942)	113	4,460	3,206	1,529	898
Income (loss) before income taxes	36,147	(37,393)	1,191	(14,177)	(13,106)	(3,707)	2,321
Benefit (provision) for income taxes	(20,708)	13,877	(1,474)	2,089	(102)	(1,527)	(8)
Income (loss) before cumulative effect of change in accounting principle	15,439	(23,516)	(283)	(12,088)	(13,208)	(2,180)	2,329
Cumulative effect of change in accounting principle					(33,823)		
Net income (loss)	$ 15,439	$ (23,516)	$ (283)	$ (12,088)	$ (47,031)	$ (2,180)	$ 2,329
Net income (loss) per share basic	$ 0.33	$ (0.53)	$ (0.01)	$ (0.38)	$ (1.49)	$ (0.07)	$ 0.08
Weighted average shares outstanding basic	45,410	44,781	42,886	31,711	31,577	31,789	30,528
Net income (loss) per share diluted	$ 0.34	$ (0.53)	$ (0.01)	$ (0.38)	$ (1.49)	$ (0.07)	$ 0.08
Weighted average shares outstanding diluted	47,318	44,781	42,886	31,711	31,577	31,789	30,964

	As of December 31,					As of September 30,
	1998	1999	2000	2001	2002	2003
	(In thousands)					

Consolidated Balance Sheet Data:						
Working capital	$ 135,348	$ 86,310	$ 70,885	$ 43,083	$ 32,126	$ 38,447
Total assets	$ 333,812	$ 296,187	$ 278,018	$ 222,772	$ 152,177	$ 161,447
Total long-term debt	$ 461	$	$ 45,000	$ 28,185	$ 22,000	$ 22,000
Stockholders equity	$ 255,022	$ 218,205	$ 155,037	$ 138,809	$ 85,588	$ 88,052

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Hall Kinion Selected Historical Consolidated Financial Data

The selected consolidated historical financial information set forth below under the captions Consolidated Statement of Operations Data and Consolidated Balance Sheet Data for, and as of the end of, each of the fiscal years ended December 29, 2002, December 30, 2001, December 31, 2000, December 26, 1999 and December 27, 1998, are derived from Hall Kinion s historical audited financial statements. The selected consolidated historical financial information set forth below for the nine-month periods ended September 28, 2003 and September 29, 2002 are derived from Hall Kinion s unaudited consolidated historical financial statements, and in the opinion of Hall Kinion s management reflects all adjustments necessary for the fair presentation of this unaudited consolidated historical financial information. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations of Hall Kinion and the consolidated financial statements and notes thereto incorporated by reference into this joint proxy statement/prospectus. Historical results are not necessarily indicative of results to be expected for any future period.

	Fiscal Year Ended					Nine Months Ended	
	1998	1999	2000	2001	2002	September 29, 2002	September 28, 2003
	(In thousands, except per share amounts)						
Consolidated Statement of Operations Data:							
Net service revenues	$ 124,132	$ 180,749	$ 296,491	$ 173,836	$ 120,428	$ 81,272	$ 123,298
Cost of contract services	69,066	96,502	147,539	100,834	80,744	53,554	87,213
Gross profit	55,066	84,247	148,952	73,002	39,684	27,718	36,085
Selling, general and administrative expenses	45,339	67,827	120,905	91,952	43,705	30.770	33,937
Depreciation and amortization	1,945	2,905	4,588	4,868	3,702	2,731	2,425
Impairment of goodwill				26,736	15,478		
Restructuring costs (income)				17,048	(6)	(876)	2,906
Income (loss) from operations	7,782	13,515	23,459	(67,602)	(23,195)	(4,907)	(3,183)
Other (income) expense, net	51	477	(1,615)	(1,181)	323	(278)	267
Income (loss) before income taxes	7,731	13,038	25,074	(66,421)	(23,518)	(4,629)	(3,450)
Benefit (provision) for income taxes	(3,325)	(5,382)	(10,464)	20,809	2,870	1,634	
Net income (loss)	$ 4,406	$ 7,656	$ 14,610	$ (45,612)	$ (20,648)	$ (2,995)	$ (3,450)
Net income (loss) per share basic	$ 0.47	$ 0.75	$ 1.18	$ (3.48)	$ (1.66)	$ (0.23)	$ (0.27)
Net income (loss) per share diluted	$ 0.43	$ 0.71	$ 1.10	$ (3.48)	$ (1.66)	$ (0.23)	$ (0.27)
Weighted average shares outstanding basic	9,439	10,155	12,357	13,121	12,475	13,054	12,594
Weighted average shares outstanding diluted	10,342	10,716	13,267	13,121	12,475	13,054	12,594

	As of Fiscal Year Ended					As of September 28,
	1998	1999	2000	2001	2002	2003

			(In thousands)			
Consolidated Balance Sheet Data:						
Working capital	$ 7,808	$ 15,560	$ 64,819	$ 36,721	$ 6,916	$ 15,745
Total assets	$ 55,976	$ 76,554	$ 139,821	$ 89,459	$ 74,906	$ 70,474
Long-term liabilities	$ 1,083	$ 14,161	$ 209	$ 6,470	$ 6,201	$ 16,095
Stockholders equity	$ 37,902	$ 43,969	$ 110,762	$ 64,781	$ 43,767	$ 40,296

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Selected Unaudited Pro Forma Condensed Combined Financial Data

The following selected unaudited pro forma condensed combined financial statements have been prepared to give effect to the proposed business combination of Kforce and Hall Kinion using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the selected unaudited pro forma condensed combined financial statements contained elsewhere in this joint proxy statement. These pro forma statements were prepared as if the business combination of Kforce and Hall Kinion and Hall Kinion s acquisition of OnStaff had been completed as of September 30, 2003 for balance sheet purposes and as of January 1, 2002 for statements of operations purposes.

The selected unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the business combination occurred as of September 30, 2003 for balance sheet purposes and as of January 1, 2002 for statement of operations purposes, nor is it necessarily indicative of future financial position or results of operations. The selected unaudited pro forma condensed combined financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of purchase price to the fair value of the acquired assets and assumed liabilities of Hall Kinion, before any integration adjustments. The final allocation of the purchase price will be determined after the completion of the business combination and will be based upon an independent valuation of the fair values of certain of the net tangible and intangible assets acquired as well as liabilities assumed. The selected unaudited pro forma condensed combined financial statements do not reflect any combination costs or operational synergies resulting from the merger. The selected unaudited pro forma condensed combined financial statements assume the conversion of all vested in-the-money options to purchase shares of Hall Kinion common stock into shares of Kforce common stock under the merger agreement.

Kforce and Hall Kinion expect to incur merger and integration charges as a result of combining the companies. Kforce and Hall Kinion also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The selected unaudited pro forma condensed combined financial data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these expenses or benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had Kforce and Hall Kinion actually been combined during the periods presented.

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This selected unaudited pro forma condensed combined financial data should be read in conjunction with the selected historical consolidated financial data and the unaudited pro forma condensed combined financial statements and accompanying notes contained elsewhere in this joint proxy statement/prospectus and the separate historical consolidated financial statements and accompanying notes of Kforce and Hall Kinion incorporated by reference into this joint proxy statement/prospectus.

	Year Ended December 31, 2002	Nine Months Ended September 30, 2003
	(In thousands, except per share amounts)	
Statement of Operations Data:		
Net service revenues	$ 656,562	$ 493,145
Direct costs of services	442,003	341,989
Gross profit	214,559	151,156
Selling, general and administrative expenses	219,696	142,586
Restructuring costs, net	(6)	2,906
Depreciation and amortization	14,265	5,907
Goodwill impairment	15,478	
Loss from Operations	(34,874)	(243)
Other expense, net	3,460	949
Loss before income taxes	(38,334)	(1,192)
Income tax benefit	(2,869)	(8)
Net loss before change in accounting principle	(35,465)	(1,184)
Change in accounting principle	(33,823)	
Net loss	(69,288)	(1,184)
Other comprehensive loss:		
Cash flow hedges, net of income tax benefit		(237)
Comprehensive loss	$ (69,288)	$ (1,421)
Net loss per share basic before change in accounting principle	$ (0.90)	$ (0.04)
Net loss per share basic	$ (1.76)	$ (0.04)
Weighted average shares outstanding basic	39,335	38,286
Net loss per share diluted before change in accounting principle	$ (0.90)	$ (0.04)
Net loss per share diluted	$ (1.76)	$ (0.04)
Weighted average shares outstanding diluted	39,335	38,722

	As of September 30, 2003

		(In thousands)
Balance Sheet Data:		
Working capital	$	30,092
Total assets		253,853
Total long-term debt		27,397
Stockholders equity	$	152,754

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Comparative Per Share Data

The following tables present (a) the basic and diluted loss per common share and book value per share data for each of Kforce and Hall Kinion on a historical basis, (b) the historical basic and diluted loss per common share and book value per share for the combined company on a pro forma basis and (c) the historical basic and diluted loss per common share and book value per share for Kforce and Hall Kinion on an equivalent pro forma combined basis. Neither Kforce nor Hall Kinion declared any cash dividends for the periods presented below.

We calculate historical book value per share by dividing stockholders equity by the number of shares of common stock outstanding at September 30, 2003.

We calculate pro forma book value per share by dividing pro forma stockholders equity by the pro forma number of shares of Kforce common stock which would have been outstanding had the merger been consummated as of September 30, 2003. Pro forma combined net loss, pro forma stockholders equity and the pro forma number of shares of Kforce common stock outstanding have been derived from the unaudited pro forma condensed combined financial statements appearing elsewhere in this joint proxy statement/prospectus and assumes the conversion of all vested in-the-money options to purchase shares of Hall Kinion common stock into shares of Kforce common stock under the merger agreement.

Kforce and Hall Kinion expect to incur merger and integration charges as a result of combining the companies. Kforce and Hall Kinion also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these expenses or benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had Kforce and Hall Kinion actually been combined during the periods presented.

	For the Year Ended December 31, 2002[1]	For the Nine Months Ended September 30, 2003[1]
Historical Kforce Inc.		
Net income (loss) per common share basic	$ (1.49)	$ 0.08
Net income (loss) per common share diluted	(1.49)	0.08
Book value per common share at period end	2.71	2.88
Historical Hall Kinion[1]		
Net income (loss) per common share basic	(1.66)	(0.27)
Net income (loss) per common share diluted	(1.66)	(0.27)
Book value per common share at period end	3.51	3.20

	For the Year Ended December 31, 2002			For the Nine Months Ended September 30, 2003		
Exchange Ratio[8]	.557(1)(4)(8)	.600(1)(2)(8)	.708(1)(3)(8)	.557(1)(4)(8)	.600(1)(2)(8)	.708(1)(3)(8)
Pro forma combined per share[5]						
Basic Net income (loss) per common share	$ (1.79)	$ (1.76)	$ (1.70)	$ (0.04)	$ (0.04)	$ (0.04)
Diluted Net income (loss) per common share	(1.79)	(1.76)	(1.70)	(0.04)	(0.04)	(0.04)
Book value per common share at period end[6]				4.29	3.99	3.61
Pro forma combined per Hall Kinion equivalent share[7]						
Basic Net income (loss) per common share	(1.00)	(1.06)	(1.21)	(0.02)	(0.02)	(0.03)
Diluted Net income (loss) per common share	(1.00)	(1.06)	(1.21)	(0.02)	(0.02)	(0.03)

Book value per common share at period end	2.39	2.39	2.56

(1) The historical amounts for Hall Kinion and the combined pro forma amounts for Hall Kinion and Kforce reflect historical amounts for Hall Kinion for the nine months ended September 28, 2003 and the twelve months ended December 29, 2002.

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(2) These calculations are based on an exchange ratio of 0.60 of a share of Kforce stock to be issued for each Hall Kinion share (or exchangeable stock option). This exchange ratio assumes an average share price for Kforce common stock of between $7.09 per share and $9.60 per share, which represents the floor and ceiling price within which the exchange ratio is fixed. If the average per share closing price of Kforce common stock for the 15 consecutive trading days ending on and including the third trading day preceding the closing date is less than $7.09 per share, the exchange ratio will be adjusted upward to an exchange ratio calculated by dividing $4.25 by the Kforce market value per share. If the average per share closing price of Kforce common stock exceeds $9.60 per share, the exchange ratio will be adjusted downward to an exchange ratio calculated by dividing $5.75 by the Kforce market value per share.

(3) These calculations are based on an assumed Kforce average share price of $6.00 per share, which would result in an exchange ratio of .708 shares of Kforce stock for each Hall Kinion share (or exchangeable stock option). Kforce may terminate the merger agreement if the average of the closing sales prices of Kforce common stock on the Nasdaq National Market is less than $6.00 per share for 15 consecutive trading days. The pro forma per share data would not be materially impacted for Kforce stock market values between $6.00 and $7.09.

(4) These calculations are based on an assumed Kforce average share price of $10.32 per share, which would result in an exchange ratio of .557 of a share of Kforce stock for each Hall Kinion share (or exchangeable stock option). The Kforce average share price of $10.32 per share is based on the average per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to February 3, 2004.

(5) Pro forma combined income from continuing operations per share is computed by dividing pro forma combined income from continuing operations by the sum of Kforce s basic or diluted weighted average shares during the period plus the number of Kforce s shares assumed to be issued in the merger .

(6) Pro forma combined book value per share is computed by dividing pro forma shareholders equity by the number of shares of Kforce common stock outstanding as of September 30, 2003 plus the number of shares of Kforce common stock assumed to be issued in the merger .

(7) Pro forma combined per equivalent Hall Kinion share amounts are computed by multiplying the exchange ratio by the corresponding pro forma per share amounts.

(8) The total number of pro forma shares that would be outstanding under each of the exchange ratios is presented below. The amount of new Kforce shares issued is calculated by multiplying the exchange ratio by the estimated outstanding shares of Hall Kinion at closing.

	For the year ended December 31, 2002			**For the nine months ended September 30, 2003**		
Exchange Ratio	**.557**	**.600**	**.708**	**.557**	**.600**	**.708**
			(in thousands)			
Total	38,786	39,335	40,680	37,737	38,286	39,631
Kforce	31,577	31,577	31,577	30,528	30,528	30,528
New Kforce shares	7,209	7,758	9,103	7,209	7,758	9,103

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Comparative Market Price and Dividend Information

Kforce common stock trades on the Nasdaq National Market under the symbol KFRC. Hall Kinion common stock trades on the Nasdaq National Market under the symbol HAKI.

The table below sets forth, for the Kforce fiscal quarters indicated, the high and low sale prices of Kforce and Hall Kinion common stock as reported on the Nasdaq National Market, in each case based on published financial sources.

	Kforce Common Stock		Hall Kinion Common Stock	
	High	Low	High	Low
2001				
1st Qtr	$ 5.31	$ 2.28	$ 21.00	$ 5.50
2nd Qtr	7.25	3.93	10.25	5.89
3rd Qtr	7.45	4.03	8.41	4.85
4th Qtr	6.40	3.15	8.97	4.64
2002				
1st Qtr	6.40	4.05	9.95	6.50
2nd Qtr	6.20	3.77	12.00	6.00
3rd Qtr	6.05	2.55	9.14	4.80
4th Qtr	5.14	1.63	7.08	4.75
2003				
1st Qtr	4.42	1.70	6.11	0.67
2nd Qtr	5.39	2.37	3.24	1.20
3rd Qtr	8.68	4.76	5.11	2.56
4th Qtr				
2004				
1st Qtr (through February 5, 2004)	10.99	8.86	5.49	4.92

The following table sets forth trading information for Kforce common stock and Hall Kinion common stock on December 1, 2003 and February 5, 2004. December 1, 2003 was the day preceding the date Kforce and Hall Kinion announced the signing of the merger agreement. February 5, 2004 was the last practicable trading day for which information was available before the date of this joint proxy statement/prospectus. We cannot assure you what the market price of the Kforce common stock will be at the merger date. The prices of each company s common stock will fluctuate prior to the special meetings and the merger, and you should obtain current market quotations. The market price of Kforce common stock has fluctuated substantially in the past and could fluctuate substantially in the future. Those fluctuations may adversely affect the price of Kforce common stock and the value of the shares of Kforce common stock that Hall Kinion stockholders receive in the merger. Among other things, volatility in the price of Kforce common stock could mean that investors will not be able to sell their shares at or above the current market price of Kforce common stock. The volatility also could impair Kforce s ability in the future to offer common stock as a source of additional capital or as consideration in the acquisition of other businesses.

	Kforce Common Stock	Hall Kinion Common Stock

Closing price on December 1, 2003	$ 8.34	$ 4.23
Closing price on February 5, 2004	10.39	5.26

Neither Kforce nor Hall Kinion has ever declared or paid cash dividends on its capital stock. Kforce does not anticipate paying cash dividends on its common stock in the foreseeable future.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Any statements in this document about expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as may, should, could, predict, potential, believe, will likely result, expect, will continue, anticipate, estimate, intend, plan, pro outlook. Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document. The following cautionary statements identify important factors that could cause Kforce s, Hall Kinion s or the combined company s actual results to differ materially from those projected in the forward-looking statements made in this document. Among the key factors that have a direct bearing on Kforce s, Hall Kinion s or the combined company s results of operations are:

general economic and business conditions; the existence or absence of adverse publicity; changes in marketing and technology; changes in political, social and economic conditions;

competition in the staffing industry; general risks of the staffing industry;

success of acquisitions and operating initiatives; changes in business strategy or development plans; management of growth;

dependence on senior management; business abilities and judgment of personnel; availability of qualified personnel; labor and employee benefit costs;

ability to integrate effectively the two companies technology, operations and personnel in a timely and efficient manner;

ability of Kforce to retain and hire key executives, technical personnel and other employees;

ability of Kforce to manage its growth and the difficulty of successfully managing a larger, more geographically dispersed organization; and

the timing of, and regulatory and other conditions associated with, the completion of the merger and the ability of Kforce to combine operations and obtain operating synergies following the merger.

These factors and the risk factors referred to below could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by Kforce or Hall Kinion, and you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and neither Kforce nor Hall Kinion undertakes any obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for Kforce or Hall Kinion to predict which will arise. In addition, neither Kforce nor Hall Kinion can assess the impact of each factor on Kforce s, Hall Kinion s or the combined company s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

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RISK FACTORS

You should carefully consider the following factors, in addition to the other information included elsewhere in this joint proxy statement/prospectus and the documents that Kforce has filed with the SEC and the Hall Kinion documents accompanying this joint proxy statement/prospectus, in considering what action to take in connection with the merger. Unless the context requires otherwise, the use of the combined company or Kforce refers to the combined company of Kforce and Hall Kinion after giving effect to the merger.

Risks Relating to the Proposed Merger

Kforce and Hall Kinion may not achieve the benefits they expect from the merger which may have a material adverse effect on the combined company s business, financial and operating results.

Kforce and Hall Kinion entered into the merger agreement with the expectation that the merger will result in benefits to the combined company arising out of the combination of executive management, general and administration functions and facilities plus the elimination of costs relating to Hall Kinion s status as a public reporting company. To realize any benefits from the merger, the combined company will face the following post-merger challenges:

- expected cost savings and synergies from the merger may not be realized;
- the management and employees of each company, particularly the sales force, may not be retained and assimilated as expected;
- existing customers, strategic partners and suppliers of each company may not be retained; and
- uniform standards, controls, procedures, policies and information systems between the two companies may not be successfully developed or maintained.

If the combined company is not successful in addressing these and other challenges, then the benefits of the merger may not be realized and, as a result, the combined company s operating results and the market price of Kforce s common stock may be adversely affected. These challenges, if not successfully met by the combined company, could result in possible unanticipated costs, diversion of management attention and loss of personnel. Neither Kforce nor Hall Kinion can assure you that the combined company will successfully integrate Hall Kinion s business with Kforce s, or profitably manage the combined company. Further, neither Kforce nor Hall Kinion can assure you that the growth rate of the combined company after the merger will equal the historical growth rates experienced by Kforce or Hall Kinion.

If the costs associated with the merger exceed the benefits, the combined company may experience adverse financial results.

Kforce and Hall Kinion will incur significant transaction costs as a result of the merger, including investment banking, legal and accounting fees, that may exceed their current estimates. In addition, Kforce and Hall Kinion expect that the combined company will incur consolidation and integration expenses which they cannot accurately estimate at this time. Actual transaction costs may substantially exceed Kforce s and Hall

Kinion s current estimates and may affect the combined company s financial condition and operating results negatively. If the benefits of the merger do not exceed the costs associated with the merger, including any dilution to Kforce s shareholders resulting from the issuance of shares in connection with the merger, the combined company s financial results could be adversely affected.

The market price of Kforce s common stock may decline as a result of the merger.

The market price of Kforce s common stock may decline as a result of the merger for a number of reasons, including if:

- the integration of Kforce and Hall Kinion is not completed in a timely and efficient manner;
- the combined company does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts;

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- the effect of the merger on the combined company s financial results is not consistent with the expectations of financial or industry analysts; or

- significant stockholders of Kforce or Hall Kinion decide to dispose of their stock following completion of the merger.

Sales of substantial amounts of Kforce common stock in the public market after the proposed merger could materially adversely affect the market price of Kforce common stock.

Kforce expects to issue a significant number of shares of Kforce common stock to Hall Kinion stockholders in the merger dependent on the Kforce stock market value at the time of closing of the merger. The sale of substantial amounts of Kforce common stock may result in significant fluctuations in the price of Kforce common stock and could cause Kforce s common stock price to fall. The sale of these shares could also impair the combined company s ability to raise capital through sales of additional common stock.

Failure to complete the merger could negatively impact the market price of Hall Kinion common stock and Kforce common stock.

The obligations of Hall Kinion and Kforce to complete the merger are subject to the satisfaction or waiver of certain conditions. See The Merger Agreement Conditions to the Consummation of the Merger beginning on page 75 of this joint proxy statement/prospectus for a discussion of these conditions. If these conditions are not satisfied or waived, the merger may not be completed. If the merger is not completed for any reason, both Hall Kinion and Kforce may be subject to other material risks, including:

- a negative effect on the stock trading price of Hall Kinion common stock and Kforce common stock to the extent that the current market price reflects a market assumption that the merger will be completed;

- either party may be required to pay a termination fee see The Merger Agreement Termination Fees beginning on page 78 of this joint proxy statement/prospectus for a discussion of the termination fees; and

- costs related to the merger, such as legal and accounting fees, must be paid even if the merger is not completed.

Certain of Hall Kinion s officers and directors have interests different from yours that may influence them to support or approve the merger.

Certain directors and officers of Hall Kinion have pre-existing arrangements that may result in the realization of interests in the merger that are different from, or in addition to, yours, including the following:

- because the merger will result in a sale and change of control of Hall Kinion, certain stock options held by Hall Kinion s directors and officers will accelerate and immediately vest upon a change of control;

- under existing Hall Kinion employment and similar agreements, and/or as confirmed in termination letter agreements, certain severance payments will be triggered as a result of the merger;

in the case of Brenda C. Rhodes, certain payments of compensation otherwise owed to her will be accelerated as a result of the merger; and

in the case of Ms. Rhodes and Rita S. Hazell, the forgiveness of certain outstanding indebtedness will be accelerated.

In addition, the following arrangements have been entered into in connection with the merger:

Kforce has agreed to cause the surviving corporation in the merger to indemnify each present and former Hall Kinion officer and director against liabilities arising out of such person s services as an officer or director of Hall Kinion prior to the merger to the same extent as is currently available under Hall Kinion s certificate of incorporation and bylaws; and

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Kforce has agreed to cause the surviving corporation to maintain officers and directors liability insurance to cover any such liabilities for five years following the merger at a cost not to exceed $1.0 million.

For the above reasons, the directors and officers of Hall Kinion may have been more likely to support and recommend the approval of the merger agreement than if they did not hold these interests. As of December 2, 2003, Hall Kinion directors and executive officers beneficially held approximately 30.2% of the outstanding shares of Hall Kinion common stock. Hall Kinion stockholders should consider whether these interests may have influenced these directors and officers to support or recommend the merger. You should read more about these interests under Interests of Certain Persons in Merger Interests of Hall Kinion Directors and Officers beginning on page 83.

Uncertainty regarding the merger and the effects of the merger could cause each company s customers or strategic partners to delay or defer decisions.

Kforce s and/or Hall Kinion s customers and strategic partners, in response to the announcement of the merger, may delay or defer decisions regarding the use of the combined company s services, which could have a material adverse effect on the business of the combined company or the relevant company if the merger is not completed.

Hall Kinion could lose an opportunity to enter into a merger or business combination with another party on more favorable terms as the merger agreement restricts Hall Kinion from soliciting such proposals.

While the merger agreement is in effect, subject to certain limited exceptions, Hall Kinion is restricted from entering into or soliciting, initiating or encouraging any inquiries or proposals that may lead to a proposal or offer for a merger with any persons other than Kforce. As a result of the restriction, Hall Kinion may lose an opportunity to enter into a transaction with another potential partner on more favorable terms. If Hall Kinion terminates the merger agreement to enter into another transaction, Hall Kinion likely would be required to pay a termination fee to Kforce that may make an otherwise more favorable transaction less favorable. See The Merger Agreement Termination Fees of this joint proxy statement/prospectus beginning on page 78. In addition, if the merger agreement is terminated and the Hall Kinion board of directors determines that it is in the best interests of the Hall Kinion stockholders to seek a merger or business combination with another strategic partner, Hall Kinion cannot assure you that it will be able to find a partner offering terms equivalent or more attractive than the price and terms offered by Kforce.

Kforce and Hall Kinion may not be able to obtain the required regulatory approvals for completion of the merger.

Kforce and Hall Kinion cannot complete the merger until they give notification and furnish information to the Federal Trade Commission and the Antitrust Division of the Department of Justice and observe a statutory waiting period requirement. Kforce and Hall Kinion filed the required notification and report forms with the Federal Trade Commission and the Antitrust Division on December 17, 2003. At any time before or after the effective time of the merger, the Federal Trade Commission, the Antitrust Division or any state or competition authority of another country could take any action under the applicable antitrust or competition laws as it deems necessary or desirable. This action could include seeking to enjoin the completion of the merger. Private parties may also institute legal actions under the antitrust laws under some circumstances.

In considering the opinion by Baird to the Hall Kinion board of directors regarding the fairness of the exchange ratio, stockholders should be aware of potential conflicts of interest affecting Baird.

Baird was retained by Hall Kinion to act as its financial advisor for the proposed merger between Kforce and Hall Kinion. Hall Kinion stockholders should consider the potential conflict of interest in Baird representing

Hall Kinion when reviewing Baird s opinion to the Hall Kinion board regarding the fairness of the exchange ratio. A significant portion of the fees related to the financial advisory services of Baird to Hall Kinion in connection with the proposed combination is contingent upon the consummation of the proposed merger and upon the total enterprise value. Baird has also performed investment banking services for Hall Kinion and for Kforce in the past.

Risks Relating to the Business and Operations of Kforce Following the Merger

The recent economic downturn has adversely affected the demand for our services.

Historically, the general level of economic activity has significantly affected the demand for employment services. As economic activity slows, the use of temporary and contract personnel tends to be curtailed before permanent employees are laid off. The recent economic downturn adversely affected the demand for temporary and contract personnel, which in turn had an adverse effect on our results of operations and our financial condition. Additionally, the use of search firms for permanent hires declined significantly. We expect that future economic downturns will continue to have similar effects. The recent economic downturn resulted in lessened demand for our services. There can be no assurance that demand will return to prior levels, and demand may continue to deteriorate.

In 2002 and a substantial portion of 2003 we experienced a continuation of the economic slowdown in the IT industry that reflected a slowdown in the rate of innovation in this industry and a general reduction in demand for personnel with expertise in leading hardware, software or networking technologies. It reduced the demand for our services. Reduction in demand for our services had a material negative impact on our business, operating results and financial condition.

In the real estate services industry we serve, the demand for professional personnel is strongly influenced by the volume of mortgage financing, both for new units and re-financings. The volume is very sensitive to interest rates and other general economic conditions. Increases in interest rates could have a significant negative impact on our business in this field.

Our liquidity may be adversely impacted by covenants in our credit facility.

In 2002, we amended the terms of our credit facility and increased our borrowing capacity to $100 million with a syndicate of four banks lead by Bank of America. We had approximately $22.0 million outstanding under this credit facility as of September 30, 2003. If the amount borrowed under this credit facility exceeds certain amounts, then a number of financial covenants become applicable. As of September 30, 2003, we had an additional $17.4 million of borrowing available without triggering these financial covenants. At no time during the existence of the credit facility have we ever triggered such covenants. If we were to trigger such financial covenants in the future and if we do not comply with them, such a breach of the credit facility covenants could materially adversely affect our liquidity and financial condition. Such lack of compliance could result, among other things, in the acceleration of all amounts borrowed under the credit facility.

We may not be able to recruit and retain qualified personnel.

We depend upon our ability to attract and retain personnel, particularly technical and professional personnel, who possess the skills and experience necessary to meet the staffing requirements of our clients. We must continually evaluate and upgrade our base of available qualified personnel to keep pace with changing client needs and emerging technologies. We expect competition for individuals with proven technical or professional skills for the foreseeable future. If qualified personnel are not available to us in sufficient numbers and upon economic terms acceptable to us, it could have a material detrimental effect on our business.

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Our business, operating results and financial condition could be negatively impacted if demand for our services in any new geographic markets we enter is less than we anticipate, if our new offices are not profitable in a timely manner or if we fail to hire qualified employees.

Our growth depends in part on our ability to enter new vertical or geographic markets successfully. This expansion is dependent on a number of factors, including our ability to:

- develop, recruit and maintain a base of qualified professionals within a new geographic market;
- initiate, develop and sustain corporate client relationships in each new vertical or geographic market;
- attract, hire, integrate and retain qualified sales and sales support employees; and
- accurately assess the demand of a new market.

The addition of offices and entry into new geographic markets may not occur on a timely basis or achieve anticipated financial results. The addition of new offices and entry into new vertical or geographic markets typically result in increases in operating expenses, primarily due to increased employee headcount. Expenses are incurred in advance of forecasted revenue, and there is typically a delay before our new employees reach full productivity. Additionally, demand for our services in new markets that we enter might also be less than we anticipate. If we are unable to enter new vertical or geographic markets in a cost-effective manner or if demand for our services in new markets does not meet or exceed our forecasts, our business, operating results and financial condition could be negatively impacted. In 2001, 2002 and March 2003, we closed and consolidated offices to improve efficiency, and further closures or consolidation may occur depending on market and competitive conditions.

Our current market share may decrease as a result of limited barriers to entry by new competitors and our clients discontinuation of outsourcing their staffing needs.

We face significant competition in the markets we serve, and there are limited barriers to entry by new competitors. The competition among staffing services firms is intense. We compete for potential clients with providers of outsourcing services, systems integrators, computer systems consultants, other providers of staffing services, temporary personnel agencies, and search firms. A number of our competitors possess substantially greater resources than we do. From time to time we have experienced significant pressure from our clients to reduce price levels. During these periods, we may face increased competitive pricing pressures and may not be able to recruit the personnel necessary to fill our clients needs. We also face the risk that certain of our current and prospective clients will decide to provide similar services internally. There can be no assurance that we will continue to successfully compete.

We do not provide an offshore outsourcing solution.

Many staffing customers are now seeking an offshore solution to support their technology and business process function and as a result, a significant amount of technology and financial staffing may be replaced by offshore resources. We do not currently provide an offshore program and there can be no assurance that we will be able to compete successfully against the offshore solution providers or that we will not lose significant market share and revenue.

We rely on short-term contracts with most of our clients.

Because long-term contracts are not a significant part of our business, future results cannot be reliably predicted by considering past trends or extrapolating past results.

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Decreases in patient occupancy at our healthcare clients facilities may adversely affect the profitability of our business.

Demand for our temporary healthcare staffing services is significantly affected by the general level of patient occupancy at our healthcare clients facilities. When a hospital s occupancy increases, temporary employees are often added before full-time employees are hired. As occupancy decreases, clients may reduce their use of temporary employees before undertaking layoffs of their regular employees. We also may experience more competitive pricing pressure during periods of occupancy downturn. This reduction in occupancy could adversely affect the demand for our services and our profitability. There has been a significantly lessened demand for our healthcare staffing services in recent years. There can be no assurance that such demand will return to prior levels.

Competition for acquisition opportunities may restrict our future growth by limiting our ability to make acquisitions at reasonable valuations.

Our business strategy includes increasing our market share and presence in the staffing industry through strategic acquisitions of companies that complement or enhance our business. We have historically faced competition for acquisitions. In the future, this could limit our ability to grow by acquisitions or could raise the prices of acquisitions and make them less accretive or non-accretive to us. In addition, if we are unable to secure necessary financing to consummate an acquisition, we may be unable to complete desirable acquisitions.

We may face difficulties integrating future acquisitions into our operations and future acquisitions may be unsuccessful, involve significant cash expenditures or expose us to unforeseen liabilities.

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

These acquisitions involve numerous risks, including:

- potential loss of key employees or clients of acquired companies;
- difficulties integrating acquired personnel and distinct cultures into our business;
- diversion of management attention from existing operations; and
- assumption of liabilities and exposure to unforeseen liabilities of acquired companies.

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

We depend on the proper functioning of our information systems.

We are dependent on the proper functioning of our information systems in operating our business. Our critical information systems used in our daily operations identify and match staffing resources and client assignments and perform billing and accounts receivable functions. Our information systems are protected through physical and software safeguards and we have backup remote processing capabilities. They are still vulnerable, however, to hurricanes, other storms, flood, fire, terrorist acts, earthquakes, power loss, telecommunications failures, physical or software break-ins, computer viruses and similar events. If our critical information systems fail or are otherwise unavailable, we would have to accomplish these functions manually, which could temporarily impact our ability to identify business opportunities quickly, to maintain billing and clinical records reliably, and to bill for services efficiently. In addition, we depend on third party vendors for certain functions whose future performance and reliability we can not warranty.

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Our success depends upon retaining the services of our management team.

We are highly dependent on our management team. We expect that our continued success will largely depend upon the efforts and abilities of members of our management team. The loss of services of any key executive for any reason could have a material adverse effect upon us. Our success also depends upon our ability to identify, develop, and retain qualified operating employees, particularly management, client servicing, and candidate recruiting employees. We expend significant resources in recruiting and training our employees, and the pool of available applicants for these positions is limited. The loss of some of our operating management and client servicing and candidate recruiting employees could have an adverse effect on our operations, including our ability to establish and maintain client, candidate and professional and technical personnel relationships.

We face significant employment liability risk.

We employ and place people in the workplaces of other businesses. An inherent risk of such activity includes possible claims of errors and omissions, misuse of client proprietary information, misappropriation of funds, discrimination and harassment, employment of illegal aliens, theft of client property, other criminal activity, or torts and other claims. We have policies and guidelines in place to reduce our exposure to such risks. However, failure of any employee or personnel to follow these policies and guidelines may result in negative publicity, injunctive relief, and the payment by us of monetary damages or fines, or have other material adverse effects upon our business. Moreover, we could be held responsible for the actions at a workplace of persons not under our immediate control. To reduce our exposure, we maintain insurance covering general liability, workers compensation claims, errors and omissions, and employee theft. Due to the nature of our assignments, in particular, access to client information systems and confidential information, and the potential liability with respect thereto, we might not be able to obtain insurance coverage in amounts adequate to cover any such liability on acceptable terms. In addition, we face various employment-related risks not covered by insurance, such as wage laws and employment tax responsibility.

Significant legal actions, particularly relating to our healthcare staffing services, could subject us to substantial uninsured liabilities.

In recent years, healthcare providers have become subject to an increasing number of legal actions alleging malpractice, product liability or related legal theories. Many of these actions involve large claims and significant defense costs. In addition, we may be subject to claims related to torts or crimes committed by our employees or temporary staffing personnel. In some instances, we are required to indemnify clients against some or all of these risks. A failure of any of our employees or personnel to observe our policies and guidelines intended to reduce these risks, relevant client policies and guidelines or applicable federal, state or local laws, rules and regulations could result in negative publicity, payment of fines or other damages. To protect ourselves from the cost of these claims, we maintain professional malpractice liability insurance and general liability insurance coverage in amounts and with deductibles that we believe are appropriate for our operations. Our insurance coverage, however, may not cover all claims against us or continue to be available to us at a reasonable cost. If we are unable to maintain adequate insurance coverage, we may be exposed to substantial liabilities.

Currently we are unable to recruit enough nurses to meet our clients demands for our nurse staffing services, limiting the potential growth of our healthcare staffing business.

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

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nursing schools will result in further competition for qualified nursing personnel. Nurse staffing revenues have declined substantially over the past years and there can be no assurance that such revenues will return to prior levels.

If we become subject to material liabilities under our self-insured programs, our financial results may be adversely affected.

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

We may be adversely affected by government regulation of the staffing business.

Our business is subject to regulation and licensing in many states. While we have had no material difficulty complying with regulations in the past, there can be no assurance that we will be able to continue to obtain all necessary licenses or approvals or that the cost of compliance will not prove to be material. If we fail to comply such failure could materially adversely affect Kforce.

We may be adversely affected by government regulation of the workplace.

Part of our business entails employing individuals on a temporary basis and placing such individuals in client s workplaces. Increased government regulation of the workplace or of the employer-employee relationship could materially adversely affect us.

Adverse results in tax audits could result in significant cash expenditures or exposure to unforeseen liabilities.

We are subject to periodic federal, state and local income tax audits for various tax years. Although we attempt to comply with all taxing authority regulations, adverse findings or assessments made by the taxing authorities as the result of an audit could materially adversely affect us.

Future changes in reimbursement trends could hamper our clients ability to pay us.

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

Our stock price may be volatile.

Our common stock is traded on the Nasdaq National Market under the symbol KFRC. The market price of our stock has fluctuated substantially in the past and could fluctuate substantially in the future, based on a variety of factors, including our operating results, changes in general conditions in the economy, the financial markets, the employment services industry, or other developments affecting us, our clients, or our competitors, some of which may be unrelated to our performance. Those fluctuations and demand for our services may adversely affect the price of our stock. It is possible that the stock price may reach a level where we lose our eligibility to remain listed on the Nasdaq National Market.

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In addition, the stock market in general, especially the Nasdaq National Market tier along with market prices for staffing companies, have experienced volatility that has often been unrelated to the operating performance of these companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our operating results.

Among other things, volatility in our stock price could mean that investors will not be able to sell their shares at or above the prices which they pay. The volatility also could impair our ability in the future to offer common stock as a source of additional capital or as consideration in the acquisition of other businesses.

Significant increases in payroll-related costs could adversely affect our business.

We are required to pay a number of federal, state, and local payroll and related costs, including unemployment taxes, workers compensation and insurance, FICA, and Medicare, among others, for our employees and personnel. Significant increases in the effective rates of any payroll related costs likely would have a material adverse effect upon us. Our costs could also increase as a result of health care reforms or the possible imposition of additional requirements and restrictions related to the placement of personnel. Recent federal and state legislative proposals have included provisions extending health insurance benefits to personnel who currently do not receive such benefits. We may not be able to increase the fees charged to our clients in a timely manner and in a sufficient amount to cover increased costs, if any such proposals are adopted.

Provisions in our articles, bylaws, and under Florida law may have certain anti-takeover effects.

Our articles of incorporation and bylaws and Florida law contain provisions that may have the effect of inhibiting a non-negotiated merger or other business combination. In particular, our articles of incorporation provide for a staggered board of directors and permit the removal of directors only for cause. Additionally, management may issue up to 15 million shares of preferred stock, and fix the rights and preferences thereof, without a further vote of the shareholders. In addition, certain of our officers have employment agreements containing certain provisions that call for substantial payments to be made to such officers upon any change in control. Certain of these provisions may discourage a future acquisition of Kforce, including an acquisition in which shareholders might otherwise receive a premium for their shares. As a result, shareholders who might desire to participate in such a transaction may not have the opportunity to do so. Moreover, the existence of these provisions may have a depressive effect on the market price of our common stock.

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THE KFORCE SPECIAL MEETING

This joint proxy statement/prospectus is being furnished to you as part of the solicitation of proxies by the Kforce board of directors for use at the special meeting of Kforce shareholders to be held on March 11, 2004 and at any adjournment or postponement of the meeting. We are first mailing this joint proxy statement/prospectus, this notice of special meeting of shareholders and the enclosed proxy card to you on or about February , 2004.

Time and Place of the Special Meeting

The Kforce special meeting will be held at Kforce s corporate headquarters located at 1001 East Palm Avenue, Tampa, Florida 33605, on March 11, 2004 at 10:00 a.m., local time.

Purpose of the Special Meeting

At the special meeting you will be asked to consider and approve a proposal to issue shares of Kforce common stock pursuant to the Agreement and Plan of Merger, dated as of December 2, 2003, as amended, by and among Kforce, Novato Acquisition Corporation, a wholly-owned subsidiary of Kforce, and Hall Kinion, pursuant to which Novato Acquisition Corporation will merge with and into Hall Kinion, with Hall Kinion as the surviving corporation. As a result of the merger, Hall Kinion will become a wholly-owned subsidiary of Kforce. In the merger, Hall Kinion stockholders will receive, in exchange for shares of Hall Kinion common stock, an aggregate amount of fully paid and nonassessable shares of Kforce common stock based upon the exchange ratio. The exchange ratio is dependent on the Kforce stock market value. The Kforce stock market value is the average of the per share closing prices of Kforce s common stock on the Nasdaq National Market over the 15 consecutive trading days ending on and including the third trading day prior to the date of the merger. If the Kforce stock market value is equal to or greater than $7.09, but less than $9.60, then the exchange ratio will equal .60, which results in Hall Kinion stockholders receiving between $55.0 million and $75.0 million in Kforce common stock. The collar around the .60 exchange ratio represents a 15% increase and a 15% decrease in the $8.34 closing price of Kforce common stock on December 1, 2003, the day immediately prior to the execution of the merger agreement. If the Kforce stock market value is equal to or greater than $9.60, then the exchange ratio will be $5.75 *divided by* the Kforce stock market value. If the Kforce stock market value is less than $7.09, then the exchange ratio will be $4.25 *divided by* the Kforce stock market value.

Kforce knows of no other matters to be brought before the special meeting. If any matter incident to the conduct of the special meeting should be brought before the meeting, the persons named in the proxy card will vote in their discretion.

Board of Directors Recommendation

The Kforce board of directors has unanimously approved and adopted the merger agreement and the merger, has deemed them advisable and recommends a vote FOR approval of the issuance of shares of Kforce common stock pursuant to the merger agreement.

Record Date; Stock Entitled to Vote; Quorum

The Kforce board of directors has fixed the close of business on February 9, 2004 as the record date for the special meeting. Only holders of Kforce common stock on the record date will be entitled to vote at the special meeting and any adjournments or postponements thereof. At the record date,   shares of Kforce common stock were outstanding and entitled to vote and were held by approximately   shareholders of record.

The presence, in person or by proxy, of a majority of the outstanding shares of Kforce common stock is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be included in the determination of shares present at the special meeting for purposes of determining a quorum. Properly executed

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proxies marked abstain will be deemed present for purposes of determining whether a quorum has been achieved. Proxies held by brokers in street name that are not voted on all proposals to come before the meeting shall also be deemed present.

Required Vote

Approval of the issuance of shares of Kforce common stock pursuant to the merger agreement requires the affirmative vote of at least a majority of the votes cast by the holders of Kforce common stock (in person or by proxy) at the special meeting. Failure to vote, abstentions and broker non-votes will not be deemed to be cast either FOR or AGAINST the issuance of shares of Kforce common stock pursuant to the merger agreement. However, because approval of the issuance of shares of Kforce common stock pursuant to the merger agreement requires only a majority of the votes cast at the special meeting, the failure to submit a proxy card or to vote in person at the special meeting, abstentions by a stockholder and broker non-votes all will have the effect of reducing the number of affirmative votes required to approve the issuance of shares of Kforce common stock in the merger.

Voting Agreements

Each of David L. Dunkel, Richard M. Cocchiaro, Joseph J. Liberatore, Ken W. Pierce, William L. Sanders and Howard W. Sutter, each a director and/or executive officer of Kforce, who as of December 19, 2003, beneficially owned shares of Kforce common stock representing approximately 31.59% of the voting power of Kforce, has entered into a voting agreement with Hall Kinion in which he has agreed to vote (i) in favor of the approval of the merger agreement, (ii) against any action that would result in any of the conditions of Hall Kinion s obligations under the merger agreement not being fulfilled, (iii) against any action that would result in a breach by Kforce of any its covenants, representations or warranties under the merger agreement, and (iv) against the election of a group of individuals to replace a majority or more of the individuals on the Kforce board of directors. A form of Kforce voting agreement is attached to this joint proxy statement/prospectus as part of Annex A. You should read it in its entirety.

Proxies; Voting and Revocation

All shares of Kforce common stock represented by properly executed proxy cards received in time for the special meeting will be voted at the special meeting in the manner specified in such proxies. Shares of Kforce common stock represented by properly executed proxy cards that do not contain voting instructions with respect to approval of the issuance of shares of Kforce common stock pursuant to the merger agreement will be voted FOR approval of the issuance of shares of Kforce common stock pursuant to the merger agreement.

You may revoke or change your proxy at any time prior to it being voted by filing a written instrument of revocation or change with the corporate secretary of Kforce. You may also revoke your proxy by filing a duly executed proxy bearing a later date or by appearing at the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. If you attend the special meeting, you may vote in person whether or not you have previously given a proxy, but your presence at the special meeting, without notifying the corporate secretary of Kforce, will not revoke a previously given proxy. In addition, if you beneficially hold shares of Kforce common stock that are not registered in your own name, you will need additional documentation from the record holder of such shares to attend and vote the shares personally at the special meeting. For further information on how to vote your shares, please contact Michael Blackman, Investor Relations, Kforce Inc., 1001 East Palm Avenue, Tampa, Florida 33605, at (813) 552-5000.

Solicitation of Proxies

Proxies will be solicited through the mail and directly by officers, directors and employees of Kforce not specifically employed for such purpose, without additional compensation. In addition to solicitation by mail,

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Kforce s directors, officers and employees may solicit proxies by telephone, fax, telegram, via the internet or in person. Kforce will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to the principals.

Stockholder Proposals For 2004 Annual Meeting

According to Rule 14a-8 under the Securities Exchange Act of 1934, some shareholder proposals may be eligible for inclusion in Kforce s proxy statement for consideration at the 2004 annual meeting of shareholders. Any such proposal must be submitted in writing to William L. Sanders, Corporate Secretary, Kforce Inc., 1001 East Palm Avenue, Tampa, Florida 33605, by no later than March 18, 2004 to be included in the proxy statement for that meeting and must comply with the requirements of Rule 14a-8 of the Securities Exchange Act. However, if the date of the 2004 annual meeting of shareholders is changed by more than 30 days from the date of the previous year s meeting, then the deadline is a reasonable time before Kforce begins to print and mail its proxy materials. Shareholders interested in submitting such a proposal are advised to contact knowledgeable counsel with regard to the detailed requirements of the applicable securities law.

The submission of a shareholder proposal or nomination that a shareholder seeks to include in Kforce proxy statement pursuant to Rule 14a-8 may be delivered to the corporate secretary of Kforce not less than 60 days prior to the date of an annual meeting, unless notice or public disclosure of the date of the meeting occurs less than 70 days prior to the date of such meeting, in which event, shareholders may deliver such notice not later than the 10th day following the day on which notice of the date of the meeting was mailed or public disclosure thereof was made. A shareholder s submission must include certain specific information concerning the proposal or nominee, as the case may be, information as to the shareholder s ownership of common stock of Kforce, and information relating to any financial interest the shareholder may have in the proposal, if any. Proposals or nominations not meeting these requirements will not be entertained at the annual meeting.

Rights of Appraisal

No Kforce shareholder will have appraisal rights in connection with the approval of the merger.

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THE HALL KINION SPECIAL MEETING

This joint proxy statement/prospectus is being furnished to you as part of the solicitation of proxies by the Hall Kinion board of directors for use at the special meeting of Hall Kinion stockholders to be held on March 11, 2004 and at any adjournment or postponement of the meeting. We are first mailing this joint proxy statement/prospectus, this notice of special meeting of stockholders, the accompanying Form 10-K and Form 10-Q of Hall Kinion and the enclosed proxy card to you on or about February , 2004.

Time and Place of the Special Meeting

The Hall Kinion special meeting will be held at the law offices of Gibson, Dunn & Crutcher LLP located at One Montgomery Street, Suite 3100, San Francisco, California 94104 on March 11, 2004 at 11:00 a.m., local time.

Purpose of the Special Meeting

At the special meeting, you will be asked to consider and approve a proposal to adopt the Agreement and Plan of Merger, dated as of December 2, 2003, as amended, by and among Kforce, Novato Acquisition Corporation, a wholly-owned subsidiary of Kforce, and Hall Kinion, pursuant to which Novato Acquisition Corporation will merge with and into Hall Kinion, with Hall Kinion as the surviving corporation. As a result of the merger, Hall Kinion will become a wholly-owned subsidiary of Kforce. In the merger, Hall Kinion stockholders will receive, in exchange for shares of Hall Kinion common stock, an aggregate amount of fully paid and nonassessable shares of Kforce common stock based upon the exchange ratio. The exchange ratio is dependent on the Kforce stock market value. The Kforce stock market value is the average of the per share closing prices of Kforce s common stock on the Nasdaq National Market over the 15 consecutive trading days on and including the third trading day prior to the date of the merger. If the Kforce stock market value is equal to or greater than $7.09, but less than $9.60, then the exchange ratio will equal .60, which results in Hall Kinion stockholders receiving between $55.0 million and $75.0 million in Kforce common stock. The collar around the .60 exchange ratio represents a 15% increase and a 15% decrease in the $8.34 closing price of Kforce common stock on December 1, 2003, the day immediately prior to the execution of the merger agreement. If the Kforce stock market value is equal to or greater than $9.60, then the exchange ratio will be $5.75 *divided by* the Kforce stock market value. If the Kforce stock market value is less than $7.09, then the exchange ratio will be $4.25 *divided by* the Kforce stock market value.

Hall Kinion knows of no other matters to be brought before the special meeting. If any matter incident to the conduct of the special meeting should be brought before the meeting, the persons named in the proxy card will vote in their discretion.

Board of Directors Recommendation

The Hall Kinion board of directors has unanimously approved and adopted the merger agreement and the merger, has deemed them advisable and recommends a vote FOR approval of the merger and adoption of the merger agreement.

Record Date; Stock Entitled to Vote; Quorum

The Hall Kinion board of directors has fixed the close of business on February 2, 2004 as the record date for the special meeting. Only holders of Hall Kinion common stock on the record date will be entitled to vote at the special meeting and any adjournments or postponements thereof. At the record date, 12,589,429 shares of Hall Kinion common stock were outstanding and entitled to vote and were held by approximately 58 stockholders of record.

The presence, in person or by proxy, of a majority of the outstanding shares of Hall Kinion common stock is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be included in the determination of shares present at the special meeting for purposes of determining a quorum.

Required Vote

Approval of the merger and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of Hall Kinion common stock outstanding on the record date. Failure to vote, abstentions and broker non-votes will not be deemed to be cast either FOR or AGAINST the merger agreement and the merger. However, because approval of the merger and adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Hall Kinion common stock, the failure to submit a proxy card or to vote in person at the special meeting, abstentions by a stockholder and broker non-votes all will have the same effect as a vote AGAINST the merger agreement and the merger. Approval and adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement.

All other matters presented for approval at the special meeting will require the affirmative vote of the holders of a majority of the outstanding shares of Hall Kinion common stock present in person or represented by proxy at the Hall Kinion special meeting and entitled to vote. As a result, with respect to the other matters, if any, presented for approval at the special meeting, the failure to submit a proxy card or to be present in person at the special meeting, and any broker non-vote, all will reduce the number of affirmative votes required to approve such matters. Abstentions by a stockholder will have the same effect as a vote against such other matters.

Statement of Shares held by Directors and Officers; Voting Agreements

As of December 2, 2003, Hall Kinion directors and executive officers and their affiliates owned approximately 30.2% of the outstanding shares of Hall Kinion common stock. Each of Brenda C. Rhodes, Jeffrey A. Evans, Herbert I. Finkelman, Rita S. Hazell, Todd J. Kinion, Martin A. Kropelnicki, Jon H. Rowberry, Jack F. Jenkins-Stark and Michael S. Stein, each a director and/or executive officer of Hall Kinion, who beneficially own shares of Hall Kinion common stock representing approximately 30.2% of the voting power of Hall Kinion, has entered into a voting agreement with Kforce in which he or she has agreed to vote (i) in favor of the approval of the merger agreement, (ii) against any action that would result in any of the conditions of Kforce s obligations under the merger agreement not being fulfilled, (iii) against any action that would result in a breach by Hall Kinion of any its covenants, representations or warranties under the merger agreement, and (iv) against (A) any third party acquisition proposal, or (B) the election of a group of individuals to replace a majority or more of the individuals on the Hall Kinion board of directors. A form of Hall Kinion voting agreement is attached to this joint proxy statement/prospectus as part of Annex A. You should read it in its entirety.

Proxies; Voting and Revocation

All shares of Hall Kinion common stock represented by properly executed proxy cards received in time for the special meeting will be voted at the special meeting in the manner specified in such proxies. Shares of Hall Kinion common stock represented by properly executed proxy cards that do not contain voting instructions with respect to approval of the merger and adoption of the merger agreement will be voted FOR approval of the merger and adoption of the merger agreement.

You may revoke or change your proxy at any time prior to its being voted by filing a written instrument of revocation or change with the corporate secretary of Hall Kinion. You may also revoke your proxy by filing a duly executed proxy bearing a later date or by appearing at the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. If you attend the special meeting, you may vote in person whether or not you have previously given a proxy, but your presence at the special meeting, without notifying the corporate secretary of Hall Kinion, will not revoke a previously given proxy. In addition, if you beneficially hold

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shares of Hall Kinion common stock that are not registered in your own name, you will need additional documentation from the record holder of such shares to attend and vote the shares personally at the special meeting. For further information on how to vote your shares, please contact Martin A. Kropelnicki, Vice President, Chief Financial Officer and Secretary, Hall, Kinion & Associates, Inc., 75 Rowland Way, Suite 200, Novato, California 94945, at (415) 895-2200.

Solicitation of Proxies

Proxies will be solicited through the mail and directly by officers, directors and employees of Hall Kinion not specifically employed for such purpose, without additional compensation. In addition to solicitation by mail, Hall Kinion s directors, officers and employees may solicit proxies by telephone, fax, telegram, via the internet or in person. Hall Kinion will reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to the principals.

Stockholder Proposals

If the merger is not completed, or if Hall Kinion elects to hold its 2004 annual meeting of stockholders before the merger is completed, Hall Kinion stockholders may present proposals for inclusion in Hall Kinion s proxy statement for consideration at the 2004 annual meeting by submitting them in writing to the offices of Hall Kinion at 75 Rowland Way, Suite 200, Novato, California 94945 by no later than March 2, 2004. Proposals generally must comply with the requirements of Rule 14a-8 of the Securities Exchange Act. If the date of the 2004 annual meeting changes by more than 30 days, the proposal must have been received at Hall Kinion s offices a reasonable time before Hall Kinion begins to print and mail its proxy materials. Stockholders interested in submitting such a proposal are advised to contact knowledgeable counsel with regard to the detailed requirements of the applicable securities law.

Rights of Appraisal

No Hall Kinion stockholder will have appraisal rights in connection with the merger.

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THE MERGER

This section of the joint proxy statement/prospectus and the next section entitled The Merger Agreement beginning on page 66 describes the proposed merger. Although Kforce and Hall Kinion believe that the description in this section covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents referred to in this joint proxy statement/prospectus for a more complete understanding of the merger.

General

The merger agreement, as amended, provides that, at the effective time of the merger, Novato Acquisition Corporation, a wholly-owned subsidiary of Kforce, will merge with and into Hall Kinion, with Hall Kinion continuing in existence as the surviving corporation. Hall Kinion stockholders will receive, in exchange for shares of Hall Kinion common stock, an aggregate amount of fully paid and nonassessable shares of Kforce common stock based upon the exchange ratio. The exchange ratio is dependent on the Kforce stock market value. The Kforce stock market value is the average of the per share closing prices of Kforce common stock on the Nasdaq National Market over the 15 consecutive trading days on and including the third trading day prior to the date of the merger. If the Kforce stock market value is equal to or greater than $7.09, but less than $9.60, then the exchange ratio will equal .60, which will result in Hall Kinion stockholders receiving between $54.6 and $74.4 million in Kforce common stock. The collar around the .60 exchange ratio represents a 15% increase and a 15% decrease in the $8.34 closing price of Kforce common stock on December 1, 2003, the day immediately prior to the execution of the merger agreement. If the Kforce stock market value is equal to or greater than $9.60, then the exchange ratio will be $5.75 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no less than approximately $74.4 million. If the Kforce stock market value is less than $7.09, then the exchange ratio will be $4.25 *divided by* the Kforce stock market value, which will result in Hall Kinion stockholders receiving no more than approximately $54.6 million. Upon completion of the merger, Hall Kinion will be a wholly-owned subsidiary of Kforce and market trading of Hall Kinion common stock will cease.

Background of the Merger

During the past three years, Hall Kinion has experienced a substantial reduction in revenues, primarily as a result of the downturn in the high technology business sector, which had been the historical focus of Hall Kinion s business. Revenues for the year ended December 31, 2000 were approximately $296.0 million compared to revenues for the year ended December 31, 2002 of $120.0 million, a decrease of about 59%. As a result, Hall Kinion has taken actions to reduce costs in order to match revenues and expenses. Although the acquisition of OnStaff in 2002 resulted in a substantial increase in revenue during the first nine months of 2003, OnStaff revenues have recently declined as a result of the increase in interest rates and concurrent decline in home mortgage refinancings. During recent years, the costs of being a public company have significantly increased. Hall Kinion management as well as the Hall Kinion board of directors believed it would be a significant challenge to finance both short-term and long-term growth and maintain satisfactory levels of profitability at current revenue levels to ensure stockholder value. As a result of these and other factors, the Hall Kinion board of directors concluded that it was in the best interests of Hall Kinion stockholders for Hall Kinion to seek a merger with a larger company that could finance growth from the combination of the companies and achieve synergies from the integration of the companies executive, general and other administrative functions.

In March 2003, management of Hall Kinion was authorized by the Hall Kinion board of directors to negotiate an agreement with Baird to act as a financial advisor to Hall Kinion. While Baird s engagement included seeking additional equity capital for Hall Kinion or a joint venture, its efforts were focused on locating a potential acquiror for all or a substantial portion of Hall Kinion s business. In March 2003, management held initial meetings with Baird to discuss the marketing process and negotiated the terms of Baird s engagement.

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During early April 2003, Baird began making initial calls to potential acquirors, including Kforce. These calls were designed to determine the level of interest of the potential acquirors in an acquisition in the staffing industry, without identifying Hall Kinion as the target. Baird prepared, distributed and negotiated a confidentiality agreement with the companies that had indicated an interest in the opportunity. Kforce executed a confidentiality agreement on April 24, 2003.

On April 24, 2003, Baird made a presentation to the Hall Kinion board of directors. The report included a summary of its marketing plan for Hall Kinion, including the development of management presentations, the status of completing marketing materials, assembling due diligence information and documentation for a data room and making initial contact with potential acquirors. Baird reported it had made initial inquiries to 37 companies that possessed general business, operating and financial characteristics representative of the companies in the industry in which Hall Kinion operates and that were believed to have the financial capability to complete a transaction. As a result of the initial inquiries, confidentiality agreements were signed with 21 companies. The Hall Kinion board of directors did not address any particular transaction structure in April 2003. The board of directors intended to weigh any offer to acquire Hall Kinion with the risks and benefits of continuing as an independent entity.

On May 14, 2003, Hall Kinion placed the marketing process on hold to allow for completion of the second quarter of fiscal 2003. The delay would allow for the marketing materials to include second quarter results, which were expected to reflect the operational improvements resulting from earlier restructuring efforts.

On July 24, 2003, Hall Kinion and Baird restarted the marketing process by distributing marketing materials to potential acquirors that had executed confidentiality agreements, including Kforce, and initiating discussions with other potential acquirors. From August 18, 2003 through September 9, 2003, Hall Kinion made management presentations to potential acquirors that indicated an interest in acquiring Hall Kinion and provided due diligence information. These efforts led to oral and written indications of interest and due diligence requests from four companies, some of which were interested in Hall Kinion as a whole, and some of which were interested in portions of Hall Kinion s business. On September 18, 2003, Kforce sent a letter to Baird outlining Kforce s interest in acquiring Hall Kinion.

From September 18, 2003 through September 25, 2003, management of Hall Kinion and Baird reviewed the indications of interest, including the indication of interest from Kforce. Two of the parties were interested only in the Technology Professionals business and two of the parties were interested in Hall Kinion as a whole. On September 25, 2003, Baird made a presentation to the Hall Kinion board of directors regarding the indications of interest. The Hall Kinion board of directors concluded that it was in the best interests of stockholders to pursue a sale of the company as a whole. The Hall Kinion board of directors concluded, based on the information from Baird and management, that the terms of the indication of interest from Kforce provided the best potential transaction and authorized management and Baird to commence negotiations with Kforce. The initial indication of interest from Kforce included a merger with Hall Kinion at an exchange ratio of 0.66 shares of Kforce common stock for each share of Hall Kinion common stock and other terms, including termination rights and price collars.

During October and November 2003, David L. Dunkel, the Chairman and Chief Executive Officer of Kforce, and Brenda C. Rhodes, the Chairman and Chief Executive Officer of Hall Kinion, held a number of phone conversations discussing the rationale underlying a potential combination of the two companies, including similar client lists, complementary geographic locations, common cultural attributes, and compatible sales organizations. During the same period, William L. Sanders, the Chief Operating Officer and former Chief Financial Officer of Kforce, and Martin A. Kropelnicki, the Chief Financial Officer of Hall Kinion, discussed potential cost savings and other synergies that could arise from the merger of the two companies, including elimination of public company costs at Hall Kinion, systems integration (both front and back office, because both companies use PeopleSoft applications), savings from consolidating back office operations and duplicative insurance costs, consolidation of offices and elimination of corporate overhead.

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On October 3, 2003 Messrs. Dunkel and Sanders met with representatives of Lehman Brothers to discuss the engagement of Lehman Brothers to issue a fairness opinion in connection with the merger. On October 8, 2003, Kforce engaged Lehman Brothers to issue the fairness opinion because of their experience and highly regarded reputation in the area of mergers and acquisitions and familiarity with Kforce and its industry.

Between September 25, 2003 and December 2, 2003, Hall Kinion and Kforce completed due diligence and negotiated the terms of the definitive agreement. During that time, Baird, the financial advisor to Hall Kinion and Lehman Brothers, who provided a fairness opinion to Kforce, completed due diligence.

During the week of October 6, 2003 Kforce continued to analyze Hall Kinion s operations including the operations of Hall Kinion s OnStaff division. Following this phase of due diligence, Kforce revised its initial offer by requesting an adjustment to the exchange ratio if Hall Kinion s revenues in the fourth quarter were less than initially expected.

On October 13, 2003, the Hall Kinion special committee met to discuss the results of the Kforce due diligence review and the proposal to adjust the exchange ratio. Hall Kinion made a counter proposal to Kforce s revised exchange ratio and also proposed that all outstanding options be converted into options to purchase Kforce common stock.

Kforce made a revised proposal to Hall Kinion on October 14, 2003, providing for a reduced initial exchange ratio and a further adjustment to the exchange ratio if Hall Kinion fourth quarter revenues were less than a specified amount. In addition, Kforce requested a termination right if Hall Kinion fourth quarter revenues were below $34.0 million and proposed that only vested in-the-money options would be converted into Kforce common stock on a net-exercise basis. Kforce proposed all out-of-the-money vested stock options and all unvested stock options would be cancelled.

On October 15, 2003, the Hall Kinion special committee met to discuss the revised Kforce proposal. As a result of the meeting further negotiations with Kforce were authorized;

On October 17, 2003, the Hall Kinion special committee met to discuss the results of the most recent negotiations and approved the revised exchange ratio proposal contained in the merger agreement, subject to review of draft agreements;

On October 23, 2003, the parties concluded that they could not reach an agreement at the time and terminated negotiations;

After the release of each party s financial results for the third quarter, representatives of the parties had contact with each other over a period of several days and based on their re-evaluation of the potential combination between the parties, on November 7, 2003, the parties concluded that they should reopen negotiations;

On November 11, Kforce delivered a new term sheet, including an exchange ratio of .60, subject to a 15% collar. Kforce requested this exchange ratio as more appropriately reflecting the relative values of the two companies after the release of third quarter financial information. This was primarily due to the continued improvement in Kforce s operating results and Kforce s concerns about trends in the mortgage refinance industry and Hall Kinion s OnStaff business. Thereafter, negotiations commenced regarding the new term sheet and the parties exchanged draft agreements and commenced negotiation of the agreements.

On November 13, 2003, the Hall Kinion special committee met to discuss the current term sheet and concluded that Hall Kinion should proceed with the negotiation of definitive agreements based on the proposed terms, which such draft definitive agreements would then be submitted to the full Hall Kinion board of directors;

On November 18, 2003, the Hall Kinion board of directors met to discuss the terms of the merger and related matters, and the results of Baird s preliminary financial analyses. The Kforce proposal being considered included an exchange ratio of 0.6 shares of Kforce common stock for each share of Hall Kinion common stock, with a collar at 15% above and below the closing price of Kforce common stock on the day before announcement of a transaction. Kforce would have the right to terminate the agreement if its stock fell below $6.00 per share at closing or if Hall Kinion failed to achieve fourth quarter revenues of $34.0 million. If the Kforce common stock fell outside of the collar range, the exchange ratio would be adjusted pursuant to a formula. The other terms were not substantially changed. Representatives of Baird discussed with the Hall Kinion board of directors the premium implied by the current term sheet. Baird discussed the results of its preliminary financial analyses related to the proposed transaction, and indicated that, based on the current term sheet, it believed that it would be able to provide a fairness opinion. The results of Baird s preliminary financial analyses are not materially different from the results of the financial analyses later presented to the Hall Kinion board of directors on December 2, 2003. At the conclusion of this meeting, the Hall Kinion board of directors authorized management and Hall Kinion s advisers to complete negotiation of definitive agreements for further consideration by the Hall Kinion board of directors. Negotiations continued for the remainder of November.

On December 1, 2003, the Kforce board of directors held a telephonic meeting to discuss the materials regarding the merger that Mr. Dunkel distributed to the members of the board on November 25, 2003. Such materials contained an overview of the business, major shareholder information, organizational profile, client and industry information and financial data. Mr. Dunkel, Mr. Sanders, Howard W. Sutter, Vice President of Kforce, and Derrell E. Hunter, Chief Financial Officer of Kforce, also made presentations to the Kforce board of directors of an analysis of the proposed transaction between Kforce and Hall Kinion. Representatives of Lehman Brothers distributed an analysis of the latest proposed transaction to the Kforce board of directors, including a summary of the terms, the strategic rationale that Lehman Brothers and management of Kforce had previously discussed, a valuation of Hall Kinion and a financial analysis of the proposed transaction, exchange ratios and a pro forma analysis of the potential combination. Representatives of Lehman Brothers delivered a verbal summary of its fairness opinion. Representatives of Holland & Knight LLP, Kforce s counsel, also attended the meeting. The Kforce board discussed the fact that Kforce had previously identified six potential public company targets over a year before but that little progress had been made in discussions with such targets. The members of the Kforce board of directors acknowledged receipt and consideration of the proposed merger agreement and other written materials prepared by management and the Kforce board of directors legal obligations in connection with its consideration of the merger. The Kforce board of directors discussed, among other things, the belief that there might be significant synergies, an enhanced client base and greater cross-selling opportunities as a result of the merger. The Kforce board of directors approved the acquisition of Hall Kinion, subject to final negotiations by Kforce senior management and receipt of a written fairness opinion from Lehman Brothers. The Kforce board of directors also authorized Kforce s officers to undertake all acts necessary or desirable to effect the merger.

A final written fairness opinion from Lehman Brothers that confirmed its oral opinion was delivered to the members of the Kforce board of directors on December 2, 2003.

On December 2, 2003, the Hall Kinion board of directors held a special meeting to discuss the terms of the draft merger agreement and the potential benefits and risks of the proposed acquisition by Kforce. Representatives of Gibson, Dunn & Crutcher LLP, Hall Kinion s counsel (Gibson Dunn), and representatives of Baird also attended the meeting. The members of the Hall Kinion board of directors acknowledged receipt and consideration of written materials prepared by Gibson Dunn summarizing the terms of the proposed acquisition and the Hall Kinion board of directors legal obligations in connection with its consideration of the proposed merger. Representatives of Baird presented a summary of the transaction structure and a valuation analysis. Representatives of Gibson Dunn and Baird reviewed the terms of the merger agreement and the merger with the Hall Kinion board of directors. Representatives of Baird discussed Baird s financial analyses of the transaction with the Hall Kinion board of directors and delivered its verbal opinion, which was subsequently confirmed by delivery to the Hall Kinion board of directors of a written opinion dated December 2, 2003, to the effect that, as of that date and based on and subject to the matters described in the opinion, the exchange ratio was fair, from a financial point of view, to Hall Kinion s stockholders. The full text of Baird s opinion, dated December 2, 2003, which describes the assumptions made, general procedures followed, matters considered and the limitations on the scope of review conducted by Baird in rendering its opinion is attached as Annex C. Baird s detailed analyses are summarized under Fairness Opinion of Financial Advisor to Hall Kinion Board of Directors commencing on page 53. These analyses included a comparison of the historical prices and trading activity of Hall Kinion s common stock, Kforce s common stock and certain other publicly traded companies deemed relevant by Baird; a comparison of the financial position, operating results and market trading multiples of Hall Kinion and Kforce and other publicly traded companies deemed relevant by Baird; a comparison of the proposed financial terms of the merger with the financial terms of other business combinations deemed relevant by Baird; a discounted cash flow analysis, and an analysis of potential pro forma effects of the merger. Following a thorough discussion of the proposed acquisition, the Hall Kinion board of directors voted unanimously to authorize the merger agreement and to recommend that the Hall Kinion stockholders approve and adopt the merger agreement and the merger.

On December 2, 2003, Hall Kinion and Kforce signed the merger agreement, and certain officers, directors and stockholders of Hall Kinion and Kforce signed and delivered the voting agreements, and at approximately 5:00 p.m. EST, Hall Kinion and Kforce issued a joint press release announcing the proposed acquisition.

On December 3, 2003, Kforce and Hall Kinion held a joint conference call to discuss the proposed merger.

Promptly following the announcement of the merger agreement, Kforce indicated that it wanted to commence introduction and orientation of Hall Kinion officers and mid-level management immediately, including holding meetings in Tampa, Florida. Consistent with its experience in the fourth quarter of previous years, which historically has the fewest number of billing days, Hall Kinion believed that it was important to maximize revenue generation in the fourth quarter of 2003. As a result, Hall Kinion was not willing to have its senior management and mid-level managers involved in off-site meetings, when it was critically important to achieve the minimum revenue target. After further negotiations between the parties between December 4, 2003 and December 9, 2003, Kforce concluded that Hall Kinion fourth quarter revenues would likely be reasonably close to $34 million, which would reflect a level of revenue sufficient for Kforce to proceed with the merger, and that it was of great importance that the combined company promptly commence integration processes. Accordingly, Hall Kinion agreed to cooperate with Kforce s integration plan, and Kforce agreed to delete the $34 million revenue condition. In addition, the parties discussed arrangements with senior executives of Hall Kinion post-closing and agreed upon how severance compensation and other benefits would be handled in accordance with existing Hall Kinion employment agreements. See Interests of Certain Persons in the Merger on page 81 for detailed information regarding severance and other benefits to senior management of Hall Kinion following the merger. Finally, because Brenda Rhodes planned to resign at the closing of the merger, the parties concluded that integration efforts should be handled through Mr. Kropelnicki. On December 9, 2003, the respective boards of directors of Kforce, Hall Kinion, and Novato approved an amendment to the merger agreement covering the matters described above.

On December 31, 2003, the companies further amended the merger agreement to confirm certain agreements relating to the merger agreement, including the payment of completion bonuses by Kforce to certain Hall Kinion employees following consummation of the merger, termination of the Hall Kinion Deferred Compensation Plan by Hall Kinion on or before December 31, 2003 and payments of the amounts due thereunder, and the payment of severance and other benefits to Rita Hazell and Brenda Rhodes. See Interests of Certain Persons in the Merger on page 81 for detailed information regarding severance and other benefits to senior management of Hall Kinion following the merger.

Kforce s Reasons for the Merger

The Kforce board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and has determined that the terms of the merger and the merger agreement are fair and in the best interests of Kforce and its shareholders. The Kforce board of directors regularly reviews and discusses Kforce s strategic plan and alternatives available for achieving Kforce s strategic plan. During the course of its deliberations, the Kforce board of directors considered, with the assistance of management and its financial and other advisors, a number of business, financial, legal and other factors, including expected savings from the elimination of significant duplicate costs through:

the combination of executive, general and administrative functions; and

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the elimination of Hall Kinion s public company costs.

In the course of its deliberations, the Kforce board of directors reviewed with Kforce management and Kforce s legal and financial advisors a number of additional factors that the Kforce board of directors deemed relevant, the most significant of which are the following:

the high quality of the operational personnel and the compatibility of the cultures of the two companies;

the consideration to be paid by Kforce in the merger;

the strategic and geographic fit of Kforce and Hall Kinion;

information concerning Kforce s and Hall Kinion s respective businesses, prospects, strategic business plans, financial performances and conditions, results of operations, technology positions, management and competitive positions;

the view of Kforce s management as to the financial condition, results of operations and business of Kforce and Hall Kinion before and after giving effect to the merger, based on management s due diligence, internal projections, publicly available earnings estimates and other publicly available information;

the opinion of Lehman Brothers to the effect that, as of the date of that opinion, and based upon and subject to the matters described in its opinion, the exchange ratio to be paid by Kforce pursuant to the merger agreement is fair to Kforce from a financial point of view;

information concerning historical and current market prices with respect to Kforce s common stock and Hall Kinion s common stock;

the likelihood of a successful integration and the successful operation of the combined company;

the shareholders view of the combined company;

the terms and conditions of the merger agreement, the voting agreements, and the affiliate agreements, including without limitation the termination fees; and

the likelihood that the merger will be completed.

During the course of its deliberations concerning the merger, the Kforce board of directors also identified and considered a variety of potentially negative factors that could materialize as a result of the merger, including, but not limited to:

the risk that the potential benefits of the merger may not be realized, including that the expected operating synergies might not be achieved;

- the possibility that the merger might not be consummated and the effect of the public announcement of the merger on Kforce s partners, customers and employees;

- the risks associated with obtaining the necessary approvals required to complete the merger;

- the transaction costs involved in connection with closing the merger;

- the management efforts and costs required to complete the integration of the businesses and operations of the two companies following the merger;

- the risk that sales of substantial amounts of Kforce common stock in the public market after the proposed merger could materially adversely affect the market price of Kforce common stock;

- the risk that customers and other business partners of Hall Kinion might terminate their relationships as a result of the merger; and

- the other risks described under the section entitled Risk Factors beginning on page 23.

The Kforce board of directors concluded, however, that these negative factors could likely be managed or mitigated by Kforce or by the combined company or were unlikely to have a material impact on the merger or the combined company, and that, overall, the potentially negative factors associated with the merger were outweighed by the potential benefits of the merger.

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The foregoing factors are not intended to be an exhaustive list of all factors considered. The Kforce board of directors conducted an overall analysis of the factors described above, including thorough discussion with and questioning of Kforce s management and its legal and financial advisors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Kforce board of directors found it impractical to, and did not, quantify or otherwise assign relative weights to the specific factors discussed above and considered in connection with its determination. In addition, the Kforce board of directors did not reach any specific conclusion with respect to each of the factors considered or any aspect of any particular factor. Moreover, the individual members of the Kforce board of directors may have accorded different values to different factors.

Recommendation of the Kforce Board of Directors

Taking into account all of the material facts, matters and information, including those described above, the Kforce board of directors believes that the merger and the other transactions contemplated by the merger agreement are advisable and fair to and in the best interests of Kforce and its shareholders. **The Kforce board of directors unanimously recommends that Kforce s shareholders vote FOR approval of the issuance of Kforce shares pursuant to the merger agreement.**

Hall Kinion s Reasons for the Merger

The Hall Kinion board of directors has determined that the acquisition of Hall Kinion by Kforce is advisable, fair to and in the best interests of Hall Kinion and its stockholders, has unanimously approved and adopted the merger agreement and the merger, and unanimously recommends that the Hall Kinion stockholders vote FOR approval and adoption of the merger agreement and the merger. In making its recommendation to the stockholders, the Hall Kinion board of directors considered a number of factors, the most significant of which are the following:

- current market prices for Hall Kinion common stock, the fluctuation in historical trading prices of the Hall Kinion common stock, the lack of liquidity in the market for Hall Kinion common stock, the inability to use Hall Kinion common stock at current price levels as consideration for acquisitions, which limits Hall Kinion s growth potential, and the fact that the merger consideration included a premium of approximately 15% over the market price for Hall Kinion common stock on the last trading day before the merger was announced;

- the greater liquidity of Kforce s common stock following the merger as compared to Hall Kinion s common stock;

- the fact that Hall Kinion s stockholders will have the opportunity to participate in the growth and opportunities of the combined company;

- the likelihood that other offers or expressions of interest at prices higher than the merger consideration would have been expected to have surfaced prior to the execution of the merger agreement as a result of the marketing efforts conducted by Baird;

- the Hall Kinion board of directors knowledge of Hall Kinion s business, current financial condition and liquidity, the nature of the markets in which Hall Kinion competes and Hall Kinion s position in those markets, Hall Kinion s prospects for future growth as an independent company as compared with prospects as part of a larger enterprise; and the likelihood of further consolidation occurring in the industry and the effects of such consolidation;

the historical and potentially continuing downturn in technology spending, particularly by companies that historically had been part of Hall Kinion s primary customer base, and the downturn in the demand for services in Hall Kinion s OnStaff division;

the potential reduction in Hall Kinion s liquidity under its line of credit as a result of decreased revenues, which results in a reduced borrowing base;

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the potential synergies, cost savings and economies of scale, estimated in the range of $9.5 million to $12 million which would be partially offset by amortization of identifiable intangibles, resulting from the combined executive, general and administrative functions of the two companies following the merger;

Hall Kinion s ability, subject to certain conditions, to respond to, and to accept, an unsolicited offer that is superior to the merger, if failing to do so would breach the fiduciary responsibilities of the Hall Kinion board of directors;

the fact that the merger is a tax-free reorganization, which will permit Hall Kinion stockholders to defer payment of capital gains taxes until they sell shares of Kforce common stock received in the merger;

the other terms of the merger agreement, including without limitation the termination fees; and

the analyses and financial presentations to the Hall Kinion board of directors in connection with the Hall Kinion board of directors consideration of the merger, including the opinion of Baird that the exchange ratio to be received by the Hall Kinion stockholders was fair, from a financial point of view.

In addition to the positive factors summarized above, the Hall Kinion board of directors also considered the following negative factors in reaching its determination:

the possibility that the merger might not be consummated, the impact of the transaction costs incurred if the merger is not completed, the risks associated with potential fluctuations in the price of Kforce common stock prior to the closing of the merger, including Kforce s right to terminate the merger if its stock price decreases to less than $6.00 per share over a period of time prior to the closing of the merger and the effect of the public announcement of the merger on Hall Kinion s sales, operating results, stock price and relations with employees and customers;

the risk that the potential benefits and synergies in the merger might not be fully realized;

the risk of a stock price decline in Kforce stock following the completion of the merger;

the costs and potential operational problems that may be incurred in the integration of the two companies operations;

the risks associated with diversion of management resources from operational matters for an extended period of time; and

the risks described under the section of this prospectus/proxy statement entitled Risk Factors beginning on page 23 of this joint proxy statement/prospectus.

The foregoing discussion of factors considered by the Hall Kinion board of directors is not exhaustive, but includes the material factors considered by the Hall Kinion board of directors in approving the merger and recommending that the Hall Kinion stockholders vote their shares in favor of the merger. The Hall Kinion board of directors did not find it practicable to, and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. Rather, the Hall Kinion board of directors made its determination based on the totality of the information available to it. The judgments of the individual members of the Hall Kinion board of directors may have been influenced to a greater or lesser extent by the different factors. In approving the merger, the Hall Kinion board of directors was aware of the interests of Hall Kinion s management in the merger, as described under Interests of Certain Persons in the Merger Interests of Hall Kinion Directors and Officers beginning on page 83.

Recommendation of the Hall Kinion Board of Directors

Taking into account all of the material facts, matters and information, including those described above, the Hall Kinion board of directors believes that the merger and the other transactions contemplated by the merger agreement are advisable and fair to and in the best interests of Hall Kinion and its stockholders. **The Hall Kinion board of directors unanimously recommends that Hall Kinion s stockholders vote FOR approval of the merger and adoption of the merger agreement.**

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Fairness Opinion of Financial Advisor to the Kforce Board of Directors

On December 2, 2003, Lehman Brothers rendered its opinion to the Kforce board of directors that as of such date and, based upon and subject to certain matters stated therein, the exchange ratio to be paid by Kforce in the merger is fair to Kforce from a financial point of view.

The summary of the Lehman Brothers opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion attached as Annex B to this joint proxy statement/prospectus. Kforce shareholders should read the opinion for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion.

The Lehman Brothers opinion was provided for the information and assistance of the Kforce board of directors in connection with its consideration of the merger. The Lehman Brothers opinion is not intended to be and does not constitute a recommendation to any shareholder of Kforce as to how such shareholder should vote in connection with the merger. Lehman Brothers was not requested to opine as to, and the Lehman Brothers opinion does not address, Kforce s underlying business decision to proceed with or effect the merger, and the reasonableness of the change in control payments provided to certain members of Hall Kinion s senior management.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

- the merger agreement and the specific terms of the merger;
- publicly available information concerning Kforce and Hall Kinion that Lehman Brothers believed to be relevant to its analysis, including Kforce s Annual Reports on Form 10-K for the fiscal years ended December 31, 2002 and 2001, and Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2003 and Hall Kinion s Annual Reports on Form 10-K for the fiscal years ended December 29, 2002 and December 30, 2001, and Quarterly Reports on Form 10-Q for the quarters ended March 30, June 29, and September 28, 2003;
- financial and operating information with respect to the business, operations and prospects of Hall Kinion furnished to Lehman Brothers by Hall Kinion and Kforce;
- financial and operating information with respect to the business, operations and prospects of Kforce furnished to Lehman Brothers by Kforce, including a 2004 forecast prepared in October 2003 by the management of Kforce;
- the trading histories of Hall Kinion s and Kforce s common stock from November 1, 2001 to December 1, 2003, and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;
- a comparison of the respective historical financial results and present financial condition of Hall Kinion and Kforce with each other and with those of other companies that Lehman Brothers deemed relevant;
- the relative contributions of Kforce and Hall Kinion to the historical and future financial performance of the combined company on a pro forma basis;

the pro forma impact of the merger on the current and future financial performance of Kforce, including the cost savings and operating synergies expected by the management of Kforce and Hall Kinion to result from a combination of the businesses of Kforce and Hall Kinion (the Expected Synergies), and the potential effect of the merger on Kforce s pro forma earnings per share; and

a comparison of the financial terms of the merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant.

In addition, Lehman Brothers had discussions with the management of Kforce and Hall Kinion concerning their respective businesses, operations, assets, financial condition and prospects and the revenue enhancements

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and strategic benefits expected by management of Kforce to result from a combination of the businesses of Kforce and Hall Kinion. Lehman Brothers also undertook such other studies, analyses and investigations as it deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and further relied upon the assurances of management of Kforce and Hall Kinion that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of Hall Kinion prepared by Hall Kinion s management, upon advice of Hall Kinion, Lehman Brothers assumed that such projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Hall Kinion as to the future financial performance of Hall Kinion and Lehman Brothers relied upon such projections in performing its analysis. However, for the purpose of its analysis, Lehman Brothers also considered certain somewhat more conservative assumptions and estimates which resulted in certain adjustments to the projections provided by Hall Kinion. Lehman Brothers discussed these adjusted projections with the management of Kforce and they agreed with the appropriateness of the use of such adjusted projections, as well as the projections prepared by Hall Kinion, in performing the analysis. In addition, upon the advice of Kforce, Lehman Brothers assumed that the amount and timing of the Expected Synergies are reasonable and that the Expected Synergies will be realized substantially in accordance with such estimates. In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Kforce or Hall Kinion and did not make or obtain any evaluations or appraisals of the assets or liabilities of Kforce or Hall Kinion. The Lehman Brothers opinion necessarily was based upon market, economic and other conditions as they existed on, and were evaluated as of, the date of the Lehman Brothers opinion.

Lehman Brothers expressed no opinion as to the prices at which shares of Kforce common stock would trade following announcement of the merger, and its opinion should not be viewed as providing any assurance that the market value of the shares of Kforce common stock after consummation of the merger will be in excess of the market value of such shares at any time prior to announcement or consummation of the merger. Although Lehman Brothers evaluated the fairness, from a financial point of view, of the exchange ratio to be paid by Kforce in the merger, Lehman Brothers was not requested to, and did not recommend the specific exchange ratio to be paid by Kforce in the merger. The exchange ratio was determined through negotiations between Kforce and Hall Kinion. No limitation was imposed on Lehman Brothers with respect to the investigations made or procedures followed by Lehman Brothers in rendering its opinion.

In arriving at its opinion, Lehman Brothers did not ascribe a specific range of value to Kforce or Hall Kinion, but rather made its determination as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger on the basis of financial and comparative analyses described below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Kforce and Hall Kinion. None of Kforce, Hall Kinion, Lehman Brothers, or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

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The following is a summary of the material financial and comparative analyses used by Lehman Brothers in connection with providing its opinion to the Kforce board of directors. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the Lehman Brothers opinion.

Historical Exchange Ratio Analysis

Lehman Brothers considered historical data concerning the relative trading prices and exchange ratios for Kforce and Hall Kinion from November 30, 2001 to December 1, 2003. The following table summarizes the results of this analysis.

Averaging Period	Historical Ratio of Hall Kinion/Kforce
2 Years	1.13
1 Year	0.66
6 Months	0.58
3 Months	0.53
1 Month	0.48
15 Day	0.49
As of 12/1/03	0.51
Merger Exchange Ratio	0.60

This analysis resulted in an implied exchange ratio range of 0.48 to 1.13 Kforce shares per Hall Kinion share, as compared to the exchange ratio in the merger of .60 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the historical exchange ratio analysis that it performed, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

Contribution Analysis

Lehman Brothers utilized historical financial results, a 2004 forecast prepared in October 2003 by Kforce management and projections for Hall Kinion, including their respective revenue and earnings before interest, taxes, depreciation, and amortization (EBITDA) to analyze relative contributions of Kforce and Hall Kinion to the revenue and EBITDA of the pro forma combined company. In performing the contribution analysis, Lehman Brothers made certain adjustments to the EBITDA of Hall Kinion in order to account for certain non-recurring items. Using the relative contributions derived from this analysis, Lehman Brothers then developed the implied equity ownership percentages shown below by adjusting for the net debt of Kforce and Hall Kinion. The results of this analysis are shown below.

	Relative Contribution Percentage		Implied Ownership Percentage	
	Kforce	Hall	Kforce	Hall

		Kinion		Kinion
Range of Relative Contribution Based on Revenue	75%-78%	25%-22%	78%-82%	22%-18%
Range of Relative Contribution Based on EBITDA	66%-74%	34%-26%	69%-77%	31%-23%
Merger Ownership Percentage			81%	19%

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Based on the implied ownership ranges calculated in the contribution analysis, Lehman Brothers calculated an implied exchange ratio range of 0.57 to 1.15 Kforce shares per Hall Kinion share, as compared to the exchange ratio in the merger of .60 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the analysis, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

Comparable Company Analysis

Using publicly available information, Lehman Brothers compared selected financial data of Hall Kinion with similar data of selected companies engaged in businesses considered by Lehman Brothers to be comparable to that of Hall Kinion. Specifically, Lehman Brothers included in its review of comparable companies the following companies: CDI Corp., Computer Horizons Corp., Kforce Inc., MPS Group, Inc., Resources Connection, Inc., Robert Half International, Inc., Spherion Corporation, and Volt Information Sciences, Inc.

For Hall Kinion, and each of the selected companies, Lehman Brothers calculated the ratios of enterprise value, calculated on the basis described below, to projected revenue and EBITDA for the periods ending December 31, 2003 and 2004. For the selected companies, Lehman Brothers used revenue estimates published by third party research providers. The enterprise value of each company was obtained by adding its short and long-term debt to the sum of the market value of its diluted common equity, the value of any preferred stock and the book value of any minority interest, and subtracting its cash and cash equivalents. Lehman Brothers then compared those ratios for the selected companies to similar ratios calculated for Hall Kinion based on the estimates for the Hall Kinion base case and the adjusted case. The adjusted case assumes lower overall revenue growth in 2004 (9.7% in base case vs. -3.1% in adjusted case) mainly to reflect the possibility of continued billable hour declines at OnStaff as anticipated by Kforce as a result of decreased mortgage refinancing activity.

The following table presents the revenue and EBITDA multiples for calendar year 2003 (CY 2003) and 2004 (CY 2004).

	CY 2003	CY 2004
Revenue Mean of Selected Companies	0.48x	0.46x
Revenue Median of Selected Companies	0.47x	0.46x
Revenue Merger Hall Kinion base case	0.45x	0.41x
Revenue Merger Hall Kinion adjusted case	0.45x	0.47x
EBITDA Mean of Selected Companies	21.3x	11.9x
EBITDA Median of Selected Companies	22.7x	12.8x
EBITDA Merger Hall Kinion base case	23.5x	10.6x
EBITDA Merger Hall Kinion adjusted case	23.5x	14.0x

Based on its judgment and knowledge of the staffing services sector, Lehman Brothers selected a range of multiples that were generally near the mean and median of the trading multiples of the comparable companies. Lehman Brothers applied the selected multiples to the corresponding data of Hall Kinion and derived an implied exchange ratio range of 0.50 to 0.73 Kforce shares per Hall Kinion share, as compared to the exchange ratio in the merger of .60 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the analysis, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

However, because of the inherent differences between the business, operations, financial condition and prospects of Hall Kinion and the business, operations, financial conditions and prospects of the companies included in the comparable companies analysis, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable company analysis and accordingly also

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made qualitative judgments concerning differences between the financial and operating characteristics of Hall Kinion and each of the companies included in the comparable company analysis that would affect the public trading values of each.

Comparable Transactions Analysis

The comparable transactions analysis provided a market benchmark based on the consideration paid in certain precedent transactions selected by Lehman Brothers. Lehman Brothers reviewed certain publicly available information on nine transactions involving target companies that Lehman Brothers deemed comparable to Hall Kinion. The following transactions were included in Lehman Brothers analysis:

Announcement Date	Acquirer Name	Target Name
Oct-03	CIBER, Inc.	SCB Computer Technology, Inc.
Sep-03	Hire Calling Holding Company	SOS Staffing Services, Inc.
Aug-02	Hall, Kinion & Associates, Inc.	OnStaff
Jun-02	Intellimark Holdings, Inc.	Technisource, Inc.
Aug-00	CORESTAFF Services	General Employment Service, Inc.
Jul-00	Randstad North America	Temps & Co.
Jun-00	COMSYS Information Technology Services, Inc.	Cotelligent, Inc. (Staffing Division)
Apr-00	Vedior NV	Acsys, Inc.
Jan-00	Manpower Inc.	Elan Group Ltd.

Lehman Brothers compared enterprise values in the selected transactions as multiples of last twelve month (LTM) revenue. All multiples were based on financial information publicly available at the time the relevant transactions were announced. The following table demonstrates the revenue multiples for the selected transactions as well as the implied multiple in the proposed merger:

	LTM Enterprise Value/Revenue Multiple
Mean of Selected Comparable Transactions	0.48x
Median of Selected Comparable Transactions	0.55x
Kforce/Hall Kinion Merger	0.50x

Based on its judgment and knowledge of the staffing services sector, Lehman Brothers selected a range of multiples that were generally near the mean and median of the multiples paid in the comparable transactions. Lehman Brothers applied the selected multiples to the corresponding data of Hall Kinion and derived an implied exchange ratio range of 0.46 to 0.76 Kforce shares per Hall Kinion share, as compared to the exchange ratio in the merger of .60 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the analysis, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

However, because the reasons for and the circumstances surrounding each of the transactions analyzed were so diverse and because of the inherent differences between the business, operations, financial condition and prospects of Hall Kinion, on the one hand, and the business, operations, financial condition and prospects of the companies included in the comparable transactions group, on the other hand, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable transaction analysis and accordingly also made qualitative judgments concerning differences between the reasons for and the circumstances surrounding the merger and the transactions included in the comparable transaction analysis that would affect the acquisition values of Hall Kinion and the acquired companies.

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Premiums Paid Analysis

Using publicly available information, Lehman Brothers reviewed the premiums paid, or proposed to be paid, in the case of transactions pending as of the date of the Lehman Brothers opinion, in 13 stock-for-stock acquisitions involving business services companies since February of 1998. The following table lists the transactions included in the analysis.

Acquiror	Target
Valueclick Inc.	Mediaplex Inc.
Aon Corporation	ASI Solutions Inc.
DoubleClick Inc.	Netcreations Inc.
TeleTech Holdings Inc.	Newgen Results Corporation
TMP Worldwide Inc.	HW Group PLC
Cordiant Communications Group	HealthWorld Corporation
AnswerThink Consulting Group	Think New Ideas Inc.
NCO Group Inc.	Compass International Services
Automatic Data Processing Inc.	Vincam Group Inc.
StaffMark Inc.	Robert Walters PLC
TMP Worldwide Inc.	Morgan & Banks Ltd.
TeleSpectrum Worldwide Inc.	CRW Financial Inc.
Platinum Technology Inc.	Mastering Inc.

Lehman Brothers calculated the premium per share paid by the acquirer compared to the share price of the target company for one day and one week prior to announcement of each transaction. The following table shows the one day and one week premiums in the precedent transactions compared to the premiums in the merger:

	One Day Premium	One Week Premium
Selected Transactions		
Lower Quartile	8.6%	15.8%
Median	24.6%	26.4%
Mean	24.4%	28.5%
Upper Quartile	43.5%	45.9%
Merger		
Based on Kforce 12/01/03 Price	18.3%	30.0%

Lehman Brothers applied premiums ranging from the lower quartile average to the upper quartile average of the precedent transactions to the closing share prices of Hall Kinion as of December 1, 2003 and November 24, 2003 and derived an implied exchange ratio range of 0.53 to 0.73 Kforce shares per Hall Kinion share, as compared to the exchange ratio in the merger of .60 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the analysis, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

Discounted Cash Flow Analysis

The discounted cash flow analysis provided a net present value of the projected after-tax cash flows (defined as operating cash flow available after working capital, capital spending, tax and other operating requirements) based on the base case and adjusted case estimates for Hall Kinion for fiscal years 2004 through 2008. Utilizing the assumptions underlying these projections, Lehman Brothers extended the forecast period through 2013. Lehman Brothers calculated the present value of the stand-alone, unlevered, after-tax free cash flows that Hall Kinion could produce over the fiscal years 2004 through 2013. The assumptions that were used to determine 2004 through 2013 revenues implied a compound annual growth rate of 7.3% in the base case and 6.2% in the adjusted case. EBITDA margins in the base case improve from 3.9% in 2004 to 6.2% in 2008 and thereafter. In the adjusted case, EBITDA margins are 3.4% in 2004, increasing to 6.3% in 2010, then declining to 6.1% in 2013. Lehman Brothers chose to extend the forecast period to 2013 in order to decrease the sensitivity of the discounted cash flow analysis to the assumptions used to calculate the terminal value, as described below. Lehman Brothers also estimated a range of terminal values as of 2013 calculated based on assumed 2013 terminal EBITDA multiples in the range of 6.0x to 8.0x. Lehman Brothers selected this terminal EBITDA multiple range based on its knowledge and estimates of sustainable trading ranges for public companies in the staffing services sector and acquisition multiples in the staffing services sector. The free cash flows for 2004 through 2013, as well as the estimated terminal values, were then discounted to present values using a discount rate range of 13.5% to 14.5%, which is based on Hall Kinion s estimated weighted average cost of capital as well as the cost of capital of companies Lehman Brothers deemed comparable to Hall Kinion. Using the base case, this analysis indicated an overall stand-alone intrinsic value of Hall Kinion of between $4.36 and $5.64 per share. Based on this value range and Kforce s closing stock price on December 1, 2003 of $8.34 per share, the corresponding implied exchange ratio was between 0.52 to 0.68 Kforce shares per Hall Kinion share. Using the adjusted case, the analysis indicated an overall stand-alone intrinsic value of Hall Kinion of between $3.61 and $4.72 per share and a corresponding implied exchange ratio of between 0.43 and 0.57 Kforce shares per Hall Kinion share.

Kforce management estimated the annual amount of Expected Synergies to be approximately $10 million (which would be partially offset by amortization of identifiable intangibles). Lehman Brothers adjusted this amount for taxes and non-cash items in order to determine the anticipated annual free-cash flow impact of the Expected Synergies, and then capitalized the free cash flow at a discount rate of 13.5%. The value of the Expected Synergies was then adjusted for the cash costs associated with the merger, the change of control severance costs and the amount that will accrue to Kforce stockholders based on Kforce s pro forma ownership in the merger. Based on this analysis, Lehman Brothers calculated a present value of the Expected Synergies to Kforce stockholders of approximately $16.8 million. When the Expected Synergies value was added to the base case stand-alone value of Hall Kinion of between $4.36 and $5.64 per share, the total acquired value of Hall Kinion based on the discounted cash flow analysis was $5.67 to $6.95 per share. Based on this value range and Kforce s closing stock price on December 1, 2003 of $8.34 per share, the corresponding implied exchange ratio was between 0.68 to 0.83 Kforce shares per Hall Kinion share. When the Expected Synergies value was added to the adjusted case stand-alone value of Hall Kinion of between $3.61 and $4.72 per share, the total acquired value of Hall Kinion based on the discounted cash flow analysis was $4.91 to $6.03 per share and the corresponding implied exchange ratio was between 0.59 to 0.72 Kforce shares per Hall Kinion share. Lehman Brothers concluded that, because the exchange ratio in the merger was below the implied exchange ratio range derived from the analysis using the base case, and within the implied exchange ratio range based on the adjusted case, the discounted cash flow analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger. The financial forecasts that underlie this analysis are subject to substantial uncertainty and, therefore, actual results may be substantially different.

Pro Forma Merger Analysis

Based on the 2004 forecast prepared in October 2003 by Kforce management and projections provided by Hall Kinion, and assuming the Expected Synergies are realized in accordance with management estimates, Lehman Brothers analyzed the expected pro forma impact of the merger on Kforce s earnings per share for the fiscal year ending December 31, 2004. Lehman Brothers concluded that, based on its analysis that indicated 55.6% accretion to 2004 earnings per share under the management case and 37.6% accretion to 2004 earnings per share under the adjusted case, the merger would likely be accretive to Kforce s earnings per share. The financial forecasts that underlie this analysis are subject to substantial uncertainty and, therefore, actual results may be substantially different. Lehman Brothers concluded that the pro forma merger analysis was supportive of its opinion as to the fairness, from a financial point of view, to Kforce of the exchange ratio to be paid by Kforce in the merger.

Lehman Brothers is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements, and valuations for corporate and other purposes. The board of directors of Kforce selected Lehman Brothers because of its expertise, reputation, and familiarity with the businesses of Kforce and Hall Kinion, and because its investment banking professionals have substantial experience in transactions comparable to the merger.

As compensation for rendering the Lehman Brothers opinion in connection with the merger, Kforce paid Lehman Brothers a fee of $1.0 million and reimbursed Lehman Brothers approximately $13,000 for its out-of-pocket expenses incurred in connection with the merger. In addition, Kforce has agreed to indemnify Lehman Brothers for certain liabilities that may arise out of its engagement by Kforce and the rendering of the Lehman Brothers opinion.

In the ordinary course of its business, Lehman Brothers may trade in the equity securities of Kforce and Hall Kinion for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Fairness Opinion of Financial Advisor to the Hall Kinion Board of Directors

On April 8, 2003, Hall Kinion retained Robert W. Baird & Co. Incorporated to act as its investment banker and financial advisor in connection with the identification of and negotiation with potential merger partners, and to render Baird s opinion as to the fairness, from a financial point of view, of the exchange ratio to the holders of Hall Kinion common stock. On December 2, 2003, Baird rendered its opinion to the board of directors of Hall Kinion to the effect that, as of December 2, 2003 and based upon and subject to the various considerations described in the opinion, the exchange ratio of .60, was fair, from a financial point of view, to the holders of Hall Kinion common stock (other than Kforce and its affiliates).

The full text of Baird s opinion, dated December 2, 2003, which describes the assumptions made, general procedures followed, matters considered and limitations on the scope of review conducted by Baird in rendering its opinion, is attached as Annex C to this proxy statement/prospectus and is incorporated in this document by reference. Baird s opinion is directed only to the fairness, as of the date of the opinion and from a financial point of view, of the exchange ratio to the holders of Hall Kinion common stock (other than Kforce and its affiliates) and does not constitute a recommendation to you as to how you should vote with respect to the merger agreement. The summary of Baird s opinion set forth below is qualified in its entirety by reference to the full text of the opinion attached as Annex C. Hall Kinion shareholders are urged to read the opinion carefully in its entirety.

In conducting its investigation and analysis and in arriving at its opinion, Baird reviewed information and took into account financial and economic factors it deemed relevant under the circumstances. In rendering its opinion, Baird, among other things:

- reviewed certain internal information, primarily financial in nature, including projections, concerning the business and operations of Hall Kinion furnished to Baird for purposes of its analysis, as well as publicly available information including Hall Kinion s recent filings with the SEC and equity analyst research reports prepared by various investment banking firms including Baird;

- reviewed certain internal information, primarily financial in nature, concerning the business and operations of Kforce furnished to Baird for its analysis, as well as publicly available information including Kforce s recent filings with the SEC and equity research reports prepared by various investment banking firms including Baird;

reviewed the merger agreement in the form presented to Hall Kinion s board of directors;

compared the historical market prices and trading activity of Hall Kinion s and Kforce s common stock with those of certain other publicly traded companies Baird deemed relevant;

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compared the financial position and operating results of Hall Kinion and Kforce with those of other publicly traded companies Baird deemed relevant and considered the market trading multiples of such companies;

compared the proposed financial terms of the merger with the financial terms of certain other business combinations Baird deemed relevant; and

reviewed certain potential pro forma effects of the merger.

Baird held discussions with members of Hall Kinion s and Kforce s respective senior management teams concerning Hall Kinion s and Kforce s historical and current financial condition and operating results, as well as the future prospects of Hall Kinion and Kforce, respectively. Baird also considered other information, financial studies, analyses and investigations and financial, economic and market data which Baird deemed relevant for the preparation of its opinion. As part of the services provided by Baird, Baird was asked to, and did solicit third-party indications of interest in acquiring all or any part of Hall Kinion. Hall Kinion and Kforce determined the exchange ratio in arms-length negotiations as part of a competitive bidding process. Hall Kinion did not place any limitation upon Baird with respect to the procedures followed or factors considered by Baird in rendering its opinion.

In arriving at its opinion, Baird assumed and relied upon the accuracy and completeness of all of the financial and other information that was publicly available or provided to Baird by or on behalf of Hall Kinion and Kforce. Baird was not engaged to independently verify any of this information. Baird assumed, with Hall Kinion s consent, that:

all material assets and liabilities (contingent or otherwise, known or unknown) of Hall Kinion and Kforce were as set forth in their respective financial statements;

the merger will qualify as a tax-free reorganization for federal income tax purposes; and

the merger will be consummated in accordance with the terms set forth in the merger agreement, without any amendment thereto and without waiver by Hall Kinion or Kforce of any of the conditions to their respective obligations under the merger agreement.

Baird also assumed that the financial projections prepared by Hall Kinion s senior management concerning Hall Kinion s financial performance (the Hall Kinion projections) were reasonably prepared on bases reflecting the best available estimates and good faith judgments as to future performance of Hall Kinion. At the direction of Hall Kinion, Baird relied on a published equity research analyst report prepared by Baird for estimates of Kforce s projected financial performance for fiscal years 2003 and 2004 (the Kforce projections). In conducting its review, Baird did not undertake nor obtain an independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of Hall Kinion or Kforce nor did it make a physical inspection of the properties or facilities of Hall Kinion or Kforce. Baird s opinion necessarily was based upon economic, monetary and market conditions as they existed and could be evaluated on the date of its opinion, and did not predict or take into account any changes which may occur, or information which may become available, after the date of the opinion. Furthermore, Baird expressed no opinion as to the price or trading range at which any of Hall Kinion s or Kforce s securities (including Hall Kinion common stock and Kforce common stock) will trade following the date of Baird s opinion.

The following is a summary of the material financial analyses performed by Baird in connection with rendering its opinion. Each of the following tables contained in this Fairness Opinion of Financial Advisor to the Hall Kinion Board of Directors section is qualified in its entirety by reference to the other disclosures contained in this section and to Baird s opinion attached as Annex C to this joint proxy statement/prospectus.

Summary of Hall Kinion Implied Merger Multiples. Baird calculated the implied equity value per share reflected by the terms of the merger to be $5.04 for each share of Hall Kinion common stock. The implied equity values per share were obtained by multiplying the closing price per share of Kforce common stock of $8.40 on

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November 25, 2003 by the exchange ratio of .60. Baird calculated the implied total equity value and implied enterprise value of Hall Kinion as a result of the merger to be $64.1 million and $77.1 million, respectively. The implied total equity value was obtained by multiplying the implied equity value per share by the total number of common shares outstanding as of November 5, 2003, plus each outstanding, unexercised and fully vested option to purchase Hall Kinion common stock with an exercise prices less than the Kforce stock market value multiplied by the exchange ratio, less gross proceeds from the exercise of those stock options. The implied enterprise value was obtained by adding Hall Kinion s outstanding total debt, OnStaff earnout payment and the present value of the closed office lease expense to, and subtracting Hall Kinion s cash and cash equivalents balances (as of October 31, 2003, as provided by Hall Kinion management) from, the implied total equity value.

In performing its analysis, Baird used, among other items, operating statistics exclusive of non-recurring items for Hall Kinion s latest twelve months (LTM) ended September 30, 2003, with the exception of total debt and cash and cash equivalents balances which were as of October 31, 2003. Baird also used operating statistics for estimated 2003 and projected 2004. Baird calculated multiples of the implied enterprise value to Hall Kinion s LTM revenue, earnings before interest, taxes, depreciation and amortization (EBITDA), and earnings before interest and taxes (EBIT) as well as estimated 2003 revenue, EBITDA, and EBIT and projected 2004 revenue, EBITDA, and EBIT, per the Hall Kinion projections. Baird also calculated multiples of the implied total equity value to Hall Kinion s LTM net income and EPS as well as estimated 2003 net income and EPS and projected 2004 net income and EPS, per the Hall Kinion projections. The table below summarizes the results of this analysis and is qualified in its entirety by reference to other disclosures contained in this section and Baird s opinion attached as Annex C to this proxy statement/prospectus.

	Implied Hall Kinion Merger Multiples		
	LTM	**2003**	**2004**
Implied Enterprise Value / Revenue	0.47x	0.49x	0.44x
Implied Enterprise Value / EBITDA	44.1	21.6	11.3
Implied Enterprise Value / EBIT	N/A	N/A	17.7
Implied Equity Value / Net Income	N/A	N/A	22.2
Implied Equity Value / EPS	N/A	N/A	22.7

Summary of Hall Kinion s Valuation Premiums. Baird compared the premium to holders of Hall Kinion common stock represented by the implied equity value per share of $5.04 to the closing prices for Hall Kinion common stock on November 25, 2003 and on the dates one day, seven days, 30 days, 60 days, 90 days, 180 days and one year prior to November 25, 2003, as well as to the 52-week high and the 52-week low closing prices. Baird calculated that the implied equity value per share represented the following premiums to holders of Hall Kinion common stock;

a premium of 30.9% over the closing price of $3.85 for the Hall Kinion common stock one day prior to November 25, 2003;

a premium of 29.6% over the closing price of $3.89 for Hall Kinion common stock seven days prior thereto;

a premium of 8.2% over the closing price of $4.66 for Hall Kinion common stock 30 days prior thereto;

a premium of 25.4% over the closing price of $4.02 for Hall Kinion common stock 60 days prior thereto;

a premium of 19.4% over the closing price of $4.22 for Hall Kinion common stock 90 days prior thereto;

a premium of 86.0% over the closing price of $2.71 for Hall Kinion common stock 180 days prior thereto;

a discount of 12.2% to the closing price of $5.74 for Hall Kinion common stock one year prior thereto;

a discount of 27.4% to the 52-week high of $6.94 for Hall Kinion common stock prior thereto; and

a premium of 600.0% over the 52-week low of $0.72 for Hall Kinion common stock prior thereto.

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Analysis of Selected Publicly Traded Hall Kinion Comparable Companies. Baird reviewed certain publicly available financial information as of the most recently reported period and stock market information as of November 25, 2003 for 14 publicly traded companies that Baird deemed relevant. The group of selected publicly traded staffing services companies is listed below:

Alternative Resources Corporation	MPS Group, Inc.
Analysts International Corporation	On Assignment, Inc.
Butler International, Inc.	RCM Technologies, Inc.
CDI Corporation	Robert Half International, Inc.
Computer Task Group, Inc.	Spherion Corporation
Hudson Highland Group, Inc.	TSR, Inc.
Kforce, Inc.	Volt Information Sciences, Inc.

Baird selected these companies based on its review of publicly traded companies that possessed general business, operating and financial characteristics representative of companies in the industry in which Hall Kinion operates. Baird noted that none of the companies reviewed is identical to Hall Kinion and that, accordingly, the analysis of these companies necessarily involves complex considerations and judgments concerning differences in the business, financial and operating characteristics of each company and other factors that affect the market values of these companies.

Baird also selected a subset of the group of 14 publicly traded companies that included eight companies that have a market capitalization of less than $175.0 million (Small Cap), as of November 25, 2003. The Small Cap group of selected publicly traded staffing services companies is listed below:

Alternative Resources Corporation	Hudson Highland Group, Inc.
Analysts International Corporation	On Assignment, Inc.
Butler International, Inc.	RCM Technologies, Inc.
Computer Task Group, Inc.	TSR, Inc.

Baird selected these companies based on its review of publicly traded companies that possessed general business, operating and financial characteristics representative of companies in the industry in which Hall Kinion operates and the market dynamics affecting smaller companies in the industry in which Hall Kinion operates. Baird noted that none of the companies reviewed is identical to Hall Kinion and that, accordingly, the analysis of these companies necessarily involves complex considerations and judgments concerning differences in the business, financial and operating characteristics of each company and other factors that affect the market values of these companies.

For each selected company, Baird calculated the implied equity value by multiplying the closing stock price of each company as of November 25, 2003, by the total number of outstanding shares on a diluted basis, utilizing the treasury method. In addition, Baird calculated enterprise value for each selected company by adding the book value of outstanding total debt, preferred stock and minority interests to, and subtracting cash and cash equivalents from, equity value. Baird then calculated multiples of enterprise value to each selected company s latest quarter annualized (LQA) revenue, LTM revenue, EBITDA and EBIT, estimated 2003 revenue, EBITDA and EBIT and projected 2004 revenue, EBITDA and EBIT, exclusive of non-recurring items, as of the most recently reported period. Baird also calculated multiples of each selected company s equity value per share to each selected company s LTM EPS, estimated 2003 EPS and projected 2004 EPS, exclusive of non-recurring items. Estimated 2003 and projected 2004 statistics for the selected companies were based on publicly available equity research analyst reports. Baird then compared the trading multiples for the selected companies to relevant Hall Kinion implied merger multiples, as implied in the proposed merger, based on Hall Kinion s operating results for the LQA and LTM periods ended September 30, 2003, and estimated 2003 and projected 2004. The

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table below summarizes the results of the analysis and is qualified in its entirety by reference to the other disclosures contained in this section and Annex C of this proxy statement/prospectus.

	Implied Hall Kinion Merger Multiples	Implied Selected Public Comparable Company Trading Multiples							
		All Comp. Companies				Small Cap Comp. Companies			
		Low	Mean	Median	High	Low	Mean	Median	High
Enterprise Value Multiples:									
LQA Revenue	0.46x	0.12x	0.49x	0.37x	1.83x	0.12x	0.33x	0.36x	0.47x
LTM Revenue	0.47	0.12	0.49	0.36	1.90	0.12	0.31	0.35	0.42
2003 Revenue	0.49	0.29	0.53	0.50	0.83	N/M	N/M	N/M	N/M
2004 Revenue	0.44	0.28	0.50	0.47	0.77	N/M	N/M	N/M	N/M
LTM EBITDA	44.1x	5.4x	19.9x	13.3x	63.9x	5.4x	10.3x	8.3x	17.3x
2003 EBITDA	21.6	15.2	31.5	30.5	47.3	N/M	N/M	N/M	N/M
2004 EBITDA	11.3	8.6	14.0	13.0	20.9	N/M	N/M	N/M	N/M
LTM EBIT	N/A	5.6x	19.1x	21.8x	30.1x	5.6x	16.4x	14.9x	30.1x
2003 EBIT	N/A	28.9	44.2	44.2	59.5	N/M	N/M	N/M	N/M
2004 EBIT	17.7x	16.2	25.7	25.4	33.9	N/M	N/M	N/M	N/M
Equity Value Multiples:									
LTM EPS	N/A	10.9x	42.7x	28.1x	98.6x	10.9x	28.9x	14.4x	61.2x
Cal. 2003 EPS	N/A	11.3	45.2	49.2	83.2	N/M	N/M	N/M	N/M
Cal. 2004 EPS	22.7x	9.9	33.6	25.9	57.8	9.9	28.9	18.9	57.8

Based on the public company trading multiples, Baird analyzed the resulting implied exchange ratios derived from applying the selected comparable company valuation multiples to Hall Kinion s LTM revenue, EBITDA, EBIT and EPS, estimated 2003 revenue, EBITDA, EBIT and EPS and projected 2004 revenue, EBITDA, EBIT and EPS. Baird derived an implied exchange ratio range of 0.07 to 2.76 Kforce shares per Hall Kinion share for the All Comparable Companies group and an implied exchange ratio range of 0.07 to 1.53 Kforce shares per Hall Kinion share for the Small Cap Comparable Companies group, as compared to the exchange ratio for the merger of 0.60 Kforce shares per Hall Kinion share. Baird concluded that, because the exchange ratio in the merger was within the implied exchange ratio range derived from the analysis, such analysis was supportive of its opinion as to the fairness, from a financial point of view, to the holders of Hall Kinion s common stock of the exchange ratio to be paid by Kforce in the merger. The table below summarizes the results of the analysis and based upon the merger Exchange Ratio of .60. The analysis is qualified in its entirety by reference to the other disclosures contained in this section and Annex C of this proxy statement/prospectus.

	Implied Selected Public Comparable Company Trading Multiples[1]							
	All Comp. Companies				Small Cap Comp. Companies			
	Low	Mean	Median	High	Low	Mean	Median	High
Enterprise Value Multiples:								
LQA Revenue	0.07x	0.64x	0.45x	2.74x	0.07x	0.39x	0.44x	0.62x
LTM Revenue	0.07	0.62	0.43	2.76	0.07	0.35	0.40	0.51
2003 Revenue	0.31	0.66	0.61	1.11	N/M	N/M	N/M	N/M

2004 Revenue	0.33	0.69	0.65	1.14	N/M	N/M	N/M	N/M
LTM EBITDA	N/M	0.20x	0.09x	0.92x	N/M	N/M	N/M	N/M
2003 EBITDA	0.39x	0.93	0.90	1.46	N/M	N/M	N/M	N/M
2004 EBITDA	0.42	0.77	0.71	1.21	N/M	N/M	N/M	N/M
LTM EBIT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003 EBIT	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
2004 EBIT	0.54x	0.92x	0.91x	1.26x	N/M	N/M	N/M	N/M
Equity Value Multiples:								
LTM EPS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Calendar 2003 EPS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Calendar 2004 EPS	0.26x	0.89x	0.69x	1.53x	0.26x	0.76x	0.50x	1.53x

(1) Based on a Kforce share price of $8.40 as of November 25, 2003.

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Analysis of Selected Comparable Acquisition Transactions. Baird reviewed certain publicly available financial information for eight selected acquisition transactions, which Baird deemed relevant. The eight transactions reviewed were (acquiror / acquired company):

Management Group / The Judge Group, Inc.
Research Park Acquisition, Inc. / RWD Technologies, Inc.
Ohsea Holdings Limited / Professional Staff plc
Cravey, Green & Wahlen / AHL Services, Inc.
Intellimark Holdings, Inc. / Technisource, Inc.
Hall, Kinion & Associates, Inc. / OnStaff
Ciber, Inc. / Decision Consultants, Inc.
Aquent, Inc. / Renaissance Worldwide, Inc.

Baird chose these transactions based on its review of acquisition transactions that possessed general business, operating and financial characteristics representative of companies in the industry in which Hall Kinion operates. Baird noted that none of the selected transactions reviewed were identical to the merger. Accordingly, Baird noted that the analysis of comparable transactions necessarily involves complex considerations and judgments concerning differences in financial and operating characteristics of Hall Kinion and other factors that would affect the acquisition value of comparable transactions including, among other factors, the general market conditions prevailing in the equity capital markets at the time of that transaction and the form of consideration used in the selected transactions.

For each selected transaction, Baird calculated multiples of enterprise value to each selected company s LTM revenue and LTM EBITDA, exclusive of non-recurring items, as of the most recently reported period. Baird then compared the implied merger multiples for the selected transactions to relevant Hall Kinion implied merger multiples, as implied in the proposed merger, based on Hall Kinion s operating results for LTM period ended September 30, 2003, and estimated 2003. The table below summarizes the results of these analyses and are qualified in their entirety by reference to the other disclosures contained in this section and Annex C of this proxy statement/prospectus.

	Implied Hall Kinion Merger Multiples		Implied Selected Acquisition LTM Multiples			
	LTM	**2003**	**Low**	**Mean**	**Median**	**High**
Enterprise Value / Revenue	0.47x	0.49x	0.10x	0.32x	0.31x	0.57x
Enterprise Value / EBITDA	44.1	21.6	8.2	10.0	9.4	