SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) **June 5, 2003**

Cross Country Healthcare, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**0-33169**	**13-4066229**
(State or other jurisdiction of incorporation)	(Commission File Number	(I.R.S. Employer Identification No.)

6551 Park of Commerce Blvd., N.W., Boca Raton, FL 33487
(Address of Principal Executive Office (Zip Code)

(561) 998-2232
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, If Changed Since Last Report)

This Amendment 1 is being filed to furnish pro forma financial information as required by Article 11 of Regulation S-X in connection with the transaction described in Item 2 of this Current Report on Form 8-K, originally filed on June 5, 2003.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements

Combined Financial Statements of Med-Staff, Inc. and Medical Professional Contractors for the years ended December 31, 2002 and 2001 with Report of Independent Auditors are filed as Exhibit 99.1 to this Current Report and incorporated into this Amendment No. 1 to Current Report on Form 8-K.

Financial Statements of Med-Staff, Inc. for the period from January 1, 2003 to June 4, 2003, together with Report of Independent Auditors are filed as Exhibit 99.2 to this Current Report and incorporated into this Amendment No. 1 to Current Report on Form 8-K.

(b) Pro Forma Financial Information

The Unaudited Pro Forma Consolidated Financial Information of Cross Country Healthcare, Inc. and Med-Staff, Inc. for the three months ended March 31, 2003, as of March 31, 2003 and for the year ended December 31, 2002 are filed as exhibit 99.3 to this Current Report and incorporated into this Amendment No. 1 to Current Report on Form 8-K.

(c) Exhibits.

Exhibit	Description
99.1	Combined Financial Statements of Med-Staff, Inc. and Medical Professional Contractors for the years ended December 31, 2002 and 2001 with Report of Independent Auditors.
99.2	Financial Statements of Med-Staff, Inc. for the period from January 1, 2003 to June 4, 2003, together with Report of Independent Auditors.
99.3	The Unaudited Pro Forma Consolidated Financial Information of Cross Country Healthcare, Inc. and Med-Staff, Inc. for the three months ended March 31, 2003, as of March 31, 2003 and for the year ended December 31, 2002.

SIGNATURES

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

CROSS COUNTRY HEALTHCARE, INC.

By: /s/ Emil Hensel
Name: Emil Hensel
Title: Chief Financial Officer

Dated: August 4, 2003

Links

[Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.](#)

Exhibit 99.1

MED-STAFF, INC. AND MEDICAL PROFESSIONAL CONTRACTORS

Combined Financial Statements

Years ended December 31, 2002 and 2001 with Report of Independent Auditors

Med-Staff, Inc. and Medical Professional Contractors

Combined Financial Statements

Years ended December 31, 2002 and 2001

Contents

Report of Independent Auditors

To the Stockholders
Med-Staff, Inc. and
Medical Professional Contractors

We have audited the accompanying combined balance sheets of Med-Staff, Inc. and Medical Professional Contractors as of December 31, 2002 and 2001, and the related combined statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Med-Staff, Inc. and Medical Professional Contractors at December 31, 2002 and 2001, and the results of their combined operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Philadelphia, Pennsylvania

/s/ Ernst & Young LLP

February 27, 2003

Med-Staff, Inc. and Medical Professional Contractors

Combined Balance Sheets

	December 31	
	2002	**2001**
Assets		
Current assets:		
Cash and cash equivalents	**$ 12,240,718**	$ 222,852
Investments, at market value	**101,281**	148,714
Accounts receivable, net of allowance for doubtful accounts of $764,000 in 2002 and $614,000 in 2001	**28,172,685**	28,550,126
Prepaid expenses	**1,308,264**	844,352
Receivable – employees	**65,778**	18,694
Receivable – related company	**214,146**	–
Prepaid rents and deposits	**1,097,725**	805,417
Total current assets	**43,200,597**	30,590,155
Furniture, fixtures and equipment, net	**511,769**	380,303
Other:		
Goodwill	**272,636**	272,636
Other	**9,712**	9,712
Total other assets	**282,348**	282,348
Total assets	**$ 43,994,714**	$ 31,252,806

Med-Staff, Inc. and Medical Professional Contractors

Combined Balance Sheets (continued)

	December 31 2002	December 31 2001
Liabilities and stockholders' equity		
Current liabilities:		
Line of credit – bank	$ –	$ 2,200,000
Line of credit – stockholders	**3,000,000**	3,000,000
Advance from related company	–	536,228
Accounts payable	**219,226**	327,139
Accrued expenses	**1,180,913**	865,527
Accrued payroll and payroll taxes	**2,891,855**	2,374,723
Total current liabilities	**7,291,994**	9,303,617
Long-term liabilities:		
Deferred compensation	**5,896,079**	4,896,082
Total liabilities	**13,188,073**	14,199,699
Stockholders' equity:		
Common stock	**200**	200
Additional paid-in capital	**66,220**	66,220
Retained earnings	**30,942,963**	17,141,996
Accumulated other comprehensive loss	**(53,075)**	(5,642)
	30,956,308	17,202,774
Less: treasury stock, 70 shares at cost	**(149,667)**	(149,667)
Total stockholders' equity	**30,806,641**	17,053,107
Total liabilities and stockholders' equity	$ **43,994,714**	$ 31,252,806

See accompanying notes.

Med-Staff, Inc. and Medical Professional Contractors

Combined Statements of Income and Comprehensive Income

	Year ended December 31	
	2002	**2001**
Revenues	**$ 162,249,550**	$ 116,416,716
Cost of services	**122,132,316**	86,619,767
Gross profit	**40,117,234**	29,796,949
General and administrative expenses	**21,014,988**	20,080,928
Income from operations	**19,102,246**	9,716,021
Other income (expenses):		
Interest, net	**71,494**	(153,684)
Amortization	**–**	(19,522)
Loss on investments	**–**	(61,285)
Other	**(6,655)**	–
Total other expenses	**64,839**	(234,491)
Income before provision for state income taxes	**19,167,085**	9,481,530
Provision for state income taxes	**791,000**	237,038
Net income	**18,376,085**	9,244,492
Change in unrealized loss on investments	**(47,433)**	41,084
Comprehensive income	**$ 18,328,652**	$ 9,285,576

See accompanying notes.

Med-Staff, Inc. and Medical Professional Contractors

Combined Statements of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2001	$ 200	$ 66,220	$ 7,897,504	$ (46,726)	$ (149,667)	$ 7,767,531
Net income	–	–	9,244,492	–	–	9,244,492
Decrease in unrealized loss on investments	–	–	–	41,084	–	41,084
Balance at December 31, 2001	200	66,220	17,141,996	(5,642)	(149,667)	17,053,107
Net income	**–**	**–**	**18,376,085**	**–**	**–**	**18,376,085**
Distribution to shareholders	**–**	**–**	**(4,575,118)**	**–**	**–**	**(4,575,118)**
Increase in unrealized loss on investments	**–**	**–**	**–**	**(47,433)**	**–**	**(47,433)**
Balance at December 31, 2002	**$ 200**	**$ 66,220**	**$ 30,942,963**	**$ (53,075)**	**$ (149,667)**	**$ 30,806,641**

See accompanying notes.

Med-Staff, Inc. and Medical Professional Contractors

Combined Statements of Cash Flows

	Year ended December 31	
	2002	**2001**
Cash flows from operating activities		
Net income	**$ 18,376,085**	$ 9,244,492
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	**210,020**	155,065
Amortization	**–**	19,522
Provision for bad debt	**471,996**	180,000
Loss on investments	**–**	61,285
Changes in operating assets and liabilities:		
Accounts receivable	**(94,555)**	(14,261,671)
Receivable – employees	**(47,084)**	(5,312)
Prepaid expenses	**(463,912)**	(773,773)
Prepaid rents and deposits	**(292,308)**	(336,438)
Accounts payable	**(107,913)**	(985,998)
Accrued expenses	**315,386**	285,688
Accrued payroll and payroll taxes	**517,132**	636,193
Advance from related company	**(750,374)**	525,383
Deferred compensation	**999,997**	3,699,576
Net cash provided by (used in) operating activities	**19,134,470**	(1,555,988)
Cash flows from investing activities		
Purchase of furniture, fixtures and equipment	**(341,486)**	(303,902)
Payment for acquisition of business	**–**	(55,325)
Proceeds from sale of investment	**–**	20,000
Purchase of investments	**–**	(24,497)
Net cash used in investing activities	**(341,486)**	(363,724)
Cash flows from financing activities		
Net borrowings (repayments) of bank line of credit	**(2,200,000)**	1,200,000
Net borrowings on stockholders' line of credit	**–**	1,000,000
Principal payments of long-term debt	**–**	(60,000)
Distribution to shareholders	**(4,575,118)**	–
Net cash (used in) provided by financing activities	**(6,775,118)**	2,140,000
Net increase in cash and cash equivalents	**12,017,866**	220,288
Cash and cash equivalents at beginning of year	**222,852**	2,564
Cash and cash equivalents at end of year	**$ 12,240,718**	$ 222,852
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
State income taxes	**$ 549,600**	$ 58,465
Interest	**$ 71,866**	$ 166,656

See accompanying notes.

Med-Staff, Inc. and Medical Professional Contractors

Notes to Combined Financial Statements

December 31, 2002

1. Business Activity

Med-Staff, Inc. ("Med-Staff") and Medical Professional Contractors ("MPC") ("collectively, the Companies") are Pennsylvania companies that provide healthcare staffing services to hospitals and long-term care facilities in the United States on a contractual basis.

2. Summary of Significant Accounting Policies

Combination Policy

The accompanying combined financial statements include the accounts of Med-Staff and MPC, which are under common ownership. All intercompany balances have been eliminated in the combination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Companies include all cash amounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents.

Concentration of Credit Risk

The Companies maintain cash balances primarily at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to $100,000. In the normal course of business, the Companies may have deposits that exceed the insured balance.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consists primarily of amounts owed from health care providers including hospitals and nursing homes. The Companies perform ongoing credit evaluations of their customers' financial conditions and, generally, do not require collateral. The Companies provide an allowance for bad debts based on experience and specifically identified risks. Accounts receivable are charged off against allowance for bad debts when management determines that recovery is unlikely and the Companies cease their collection efforts. Overall, based on the large number of customers in differing geographic areas throughout the United States, the Companies believe the concentration of credit risk is limited. Accounts receivable is recorded net of an allowance for doubtful accounts.

Investments

The Companies account for their investments in equity securities in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. This statement requires securities which are available-for-sale to be carried at fair value, with changes in fair value recognized in accumulated other comprehensive income or loss, a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other than temporary are included in net income.

Prepaid Rent and Deposits

The Companies lease a number of apartments for their employees under short-term agreements, which coincide with each employee's staffing contract. As a condition of these agreements, the Companies prepay rent and place security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term lease agreements.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are recorded at cost. Depreciation is determined on an accelerated method over the estimated useful lives of the assets, which range from five to seven years. Maintenance and minor repairs are charged to operations as incurred.

2. Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill was being amortized over 15 years on a straight-line basis through December 31, 2001.

Effective January 1, 2002, the Companies adopted Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). As a result of adopting SFAS 142, the Companies no longer amortize goodwill. Goodwill must be tested at least annually for impairment, including an initial test that was completed in connection with the adoption of SFAS 142. The test for impairment uses a fair-value based approach, whereby if the implied fair value of a reporting unit's goodwill is less than its carrying amount, goodwill would be considered impaired. Fair value estimates are based upon the discounted value of estimated future cash flows. The Companies did not incur any impairment charges in connection with the adoption of SFAS 142 or the required annual impairment test which the Companies complete in the fourth quarter of each year.

A reconciliation of previously reported net income to the amounts adjusted for the exclusion of goodwill amortization, net of related income tax effect, is as follows for the year ended December 31, 2001:

Reported net income	$ 9,244,492
Add back goodwill amortization, net of tax of $488	19,034
Adjusted net income	$ 9,263,526

Income Taxes

The Companies have elected to be treated as subchapter "S" corporations as defined in the Internal Revenue Code. Therefore, the Companies will not be liable for corporate income taxes on their taxable income. Instead, the stockholders are liable for individual income taxes on the Companies' taxable income.

The Companies incur state income taxes in states that do not recognize the Subchapter S status and the financial statements include a provision for the state income tax effect of transactions reported in the financial statements.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue from services consists primarily of temporary staffing revenues. The Companies recognize revenue when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At December 31, 2002 and 2001, amounts accrued are approximately $1,745,000 and $959,000, respectively. The Companies are compensated for the services provided at predetermined hourly rates negotiated with their customers, without regard to the Companies' cost of providing these services.

Cost of Services

Each of the Companies' healthcare professional employees works under a contract. Contract employees are hourly employees whose contract specifies the hourly rate they will be paid, including applicable overtime, and any other benefits they are entitled to receive during the contract period. The Companies assume all employee costs including payroll, payroll taxes, benefits, professional liability insurance and Occupational Safety and Health Administration, or OSHA, requirements, as well as any travel and housing arrangements.

The Companies provide housing in apartments leased by the Companies and pay for travel for their contract employees. The Companies' contract with the healthcare professional obligates them to provide these services to the healthcare professional.

Reserves for Workers' Compensation Claims

Workers' compensation is provided under partially self-insured plans. The Companies record their estimate of the ultimate cost of and reserves for, workers' compensation based on actuarial computations using the loss history as well as industry statistics. Furthermore, in determining their reserves, the Companies include reserves for estimated claims incurred but not reported. The ultimate cost of workers' compensation will depend on actual costs incurred to resolve the claims and may differ from the amounts reserved by the Companies for those claims.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2002 and 2001 were approximately $943,000 and $875,000, respectively.

2. Summary of Significant Accounting Policies (continued)

Estimated Fair Value of Financial Instruments

The carrying amounts reported in the combined balance sheets for cash, accounts receivable, accounts payable, accrued expenses and accrued payroll and related taxes approximate fair value because of their short maturity. The carrying amount of the amount outstanding under the lines of credit approximates fair value because the interest rate is tied to a quoted variable market rate index. The carrying amount of the deferred compensation is based on the estimate of the fair value of the underlying common stock.

3. Investments

At December 31, 2002 and 2001, the Companies owned available-for-sale equity investments with a fair value of $101,281 and $148,714, respectively. The cost basis of the available-for-sale equity investments is $154,356 at December 31, 2002 and 2001, which resulted in unrealized losses of $53,075 and $5,642, respectively. The (increase) decrease in net unrealized loss of available-for-sale equity investments is charged to other comprehensive income and was ($47,433) and $41,084 for the years ended December 31, 2002 and 2001, respectively.

4. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment consist of the following:

	December 31	
	2002	**2001**
Furniture and fixtures	**$ 252,639**	$ 178,699
Equipment	**982,608**	715,062
Total furniture, fixtures and equipment	**1,235,247**	893,761
Less accumulated depreciation	**723,478**	513,458
Net furniture, fixtures and equipment	**$ 511,769**	$ 380,303

5. Lines of Credit

Line of Credit – Bank

At December 31, 2002 and 2001, the Companies maintain a $2,200,000 line of credit with a bank. Outstanding borrowings accrue interest at the bank's prime rate, as defined, less one percent (3.25% at December 31, 2002). The line of credit renews annually and matures on June 30, 2003. Outstanding borrowings are secured by substantially all of the Companies' assets and the stockholders guarantee the facility. At December 31, 2001, there was $2,200,000 of outstanding borrowings on the line of credit. There were no outstanding borrowings at December 31, 2002.

Line of Credit – Stockholders

The Companies have available a line of credit of $3,000,000 from stockholders as of December 31, 2002 and 2001, all of which was outstanding at each year end. Interest is payable monthly at the prime rate of the bank, as defined, providing the line of credit less one percent (3.25% at December 31, 2002). The line of credit, which is subordinate to the bank line of credit, matures on June 30, 2003, is renewable annually, and is secured by substantially all the Companies' assets.

6. Phantom Stock Plan – Deferred Compensation

Med-Staff has a nonqualified deferred compensation agreement with certain key employees. Awards under the Phantom Stock Plan (the Plan) are granted in units. The maximum number of units that may be awarded under the Plan has been limited to an amount equivalent to 11% of the aggregate number of issued and outstanding shares of common stock (110,000 at December 31, 2002).

The units vest as follows:

Number of Years Following Award	Percentage Vested
Upon Grant	60%
3 years	75%
6 years	90%
10 years	100%

6. Phantom Stock Plan – Deferred Compensation (continued)

Units will be redeemed upon the occurrence of the first of the following events: termination, retirement, death, disability, sale or exchange of substantially all the stock or assets of the Companies, or liquidation of the Companies. The units will be redeemed at their fair market value, which is the value of a share of common stock. A minimum of 10% of the total amount will be paid in cash upon redemption with a note issued for the remaining amount. The note shall be payable over a period of up to 4 years and bear interest at 6%.

As of December 31, 2002 and 2001, 86,755 and 85,984 units, respectively, were granted and 57,173 and 54,640 units, respectively, were vested.

The amount accrued under the Plan for the years ended December 31, 2002 and 2001 was $5,896,079 and $4,896,082, respectively. The December 31, 2002 and 2001 accrual is based on units earned, of 64,958 and 60,445, which reflects an accrual for units which are vested and a portion of the units to be vested at the next vesting date. Deferred compensation expense associated with the pro rata vesting of units was $999,997 and $3,699,576 for the years ended December 31, 2002 and 2001, respectively.

7. Common Stock

Common stock at December 31, 2002 and 2001 consists of the following:

Company	Par Value	Shares Authorized	Shares Issued and Outstanding	Total	Additional Paid-in Capital
Med-Staff, Inc. (including 70 shares of treasury stock)	$0.0001	1,000,000	1,000,000	$ 100	$ 66,220
Medical Professional Contractors	$ 1.00	100	100	100	–
				$ 200	$ 66,220

8. Related Party Transactions

The Companies sublet a portion of their office space to a related party. The rent was allocated based on the percentage of space used but is not subject to a formal lease. The amount of rent charged to the related party for the years ended December 31, 2002 and 2001 was approximately $84,000 and $46,000, respectively, and is included in the amount due from/to its related company and netted against rent expense.

The Companies accrue interest on amount due from related party. The Companies recorded interest income of $ 25,631 on the amount due from the related party for the year ended December 31, 2002.

The Companies are guarantor for borrowings under $6,100,000 of credit facilities maintained by an affiliate and stockholders. At December 31, 2002, outstanding borrowings under the credit facilities were $400,000. Each facility accrues interest at the Companies' bank's prime rate, as defined, less one percent (3.25% at December 31, 2002).

9. Leases

The Companies lease office space under various noncancelable operating leases. Rent expense paid under these leases (net of sublease revenue) amounted to approximately $912,000 and $720,000 for the years ended December 31, 2002 and 2001, respectively.

The following is a summary of future minimum payments for the noncancelable operating leases described above, assuming no sublease revenue, for the years ending December 31:

	Gross	Related Party Allocation	Net
2003	$ 943,037	$ 86,000	$ 857,037
2004	828,445	89,000	739,445
2005	732,455	91,000	641,455
2006	395,000	54,000	341,000
2007	–	–	–
Total	$ 2,898,937	$ 320,000	$ 2,578,937

10. 401(k) Plan

The Companies maintain a 401(k) retirement plan for substantially all of their employees. The plan allows eligible employees to defer a portion of their annual compensation pursuant to Section 401(k) of the Internal Revenue Code. The Companies match 25% of the employees' contributions up to 5%. The Companies' 401(k) expense was $143,651 and $105,851 for the years ended December 31, 2002 and 2001, respectively.

11. Litigation

The Companies are from time to time, involved in various legal proceedings. Management is currently aware of two proceedings which they believe are without merit and believe the outcome would not materially affect the Companies' combined financial position or combined results of operations.

12. Acquisition of Business

On August 19, 2001, Med-Staff acquired the operating assets of a corporation. The corporation provided medical staffing to hospitals and long-term care facilities on a contractual basis. The purchase price of the operating assets was $49,325 and was accounted for using the purchase method of accounting. The final purchase price was allocated to goodwill.

Exhibit 99.2

MED-STAFF, INC.

Financial Statements

Period from January 1, 2003 to June 4, 2003 with Report of Independent Auditors

Med-Staff, Inc.

Financial Statements

Period from January 1, 2003 to June 4, 2003

Contents

Report of Independent Auditors

To the Stockholders
Med-Staff, Inc.

We have audited the accompanying balance sheet of Med-Staff, Inc. as of June 4, 2003, and the related statements of income and comprehensive income, stockholders' equity, and cash flows for the period from January 1, 2003 to June 4, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Med-Staff, Inc. at June 4, 2003, and the results of its operations and its cash flows for the period from January 1, 2003 to June 4, 2003, in conformity with accounting principles generally accepted in the United States.

Philadelphia, Pennsylvania /s/ Ernst & Young LLP

July 2, 2003

Med-Staff, Inc.

Balance Sheet

June 4, 2003

Assets	
Current assets:	
Cash and cash equivalents	$ 6,048,863
Investments, at market value	126,495
Accounts receivable, net of allowance for doubtful accounts of $667,292	23,120,479
Prepaid expenses	864,794
Receivable – employees	99,778
Prepaid rents and deposits	719,953
Total current assets	30,980,362
Furniture, fixtures and equipment, net	546,752
Other:	
Goodwill	272,636
Other	9,712
Total other assets	282,348
Total assets	$ 31,809,462

Med-Staff, Inc.

Balance Sheet (continued)

June 4, 2003

Liabilities and stockholders' equity	
Current liabilities:	
Accounts payable and accrued expenses	$ 4,500,567
Accrued payroll and payroll taxes	3,523,030
Payable-related party	2,594
Deferred compensation	8,721,989
Total liabilities	16,748,180
Stockholders' equity:	
Common stock; $1.00 par value; 10,000 shares authorized and issued	10,000
Additional paid-in capital	56,320
Retained earnings	15,180,810
Accumulated other comprehensive loss	(36,181)
	15,210,949
Less: treasury stock, 70 shares at cost	(149,667)
Total stockholders' equity	15,061,282
Total liabilities and stockholders' equity	$ 31,809,462

See accompanying notes.

Med-Staff Inc.

Statement of Income and Comprehensive Income

Period from January 1, 2003 to June 4, 2003

Revenues	$ 71,118,401
Cost of services	54,649,657
Gross profit	16,468,744
General and administrative expenses	13,620,965
Income from operations	2,847,779
Other income (expenses):	
Interest, net	7,498
Gain on sale of investments	7,475
Total other income	14,973
Income before provision for state income taxes	2,862,752
Provision for state income taxes	1,299,000
Net income	1,563,752
Change in unrealized loss on investments	16,894
Comprehensive income	$ 1,580,646

See accompanying notes.

Med-Staff, Inc.

Statement of Stockholders' Equity

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2003	$ 100	$ 66,220	$ 30,943,063	$ (53,075)	$ (149,667)	$ 30,806,641
Net income	–	–	1,563,752	–	–	1,563,752
Distributions to shareholders	–	–	(17,326,005)	–	–	(17,326,005)
Decrease in unrealized loss on investments	–	–	–	16,894	–	16,894
Recapitalization adjustment	9,900	(9,900)	–	–	–	–
Balance at June 4, 2003	$ 10,000	$ 56,320	$ 15,180,810	$ (36,181)	$ (149,667)	$ 15,061,282

See accompanying notes.

Med-Staff, Inc.

Statement of Cash Flows

Period from January 1, 2003 to June 4, 2003

Cash flows from operating activities	
Net income	$ 1,563,752
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	93,215
Provision for bad debt	182,109
Gain on sale of investments	(7,475)
Changes in operating assets and liabilities:	
Accounts receivable	4,870,097
Receivable – employees	(34,000)
Prepaid expenses	443,470
Prepaid rents and deposits	377,772
Accounts payable and accrued expenses	3,100,428
Accrued payroll and payroll taxes	456,175
Advance from related company	216,740
Deferred compensation	3,000,910
Net cash provided by operating activities	14,263,193
Cash flows from investing activities	
Purchase of furniture, fixtures and equipment	(128,198)
Purchases of investments	(28,198)
Proceeds from sales of invesments	27,353
Net cash used in investing activities	(129,043)
Cash flows from financing activities	
Net repayment on stockholders' line of credit	(3,000,000)
Distributions to shareholders	(17,326,005)
Net cash used in financing activities	(20,326,005)
Net decrease in cash and cash equivalents	(6,191,855)
Cash and cash equivalents at beginning of period	12,240,718
Cash and cash equivalents at end of period	$ 6,048,863
Supplemental disclosure of cash flow information	
Cash paid during the year for:	
State income taxes	$ 17,401
Interest	$ 13,542

See accompanying notes.

Med-Staff, Inc.

Notes to Financial Statements

June 4, 2003

1. Organization and Basis of Presentation

Med-Staff, Inc. ("Med-Staff" or the "Company") is a privately-held Pennsylvania company that provides healthcare staffing services to hospitals and long-term care facilities in the United States on a contractual basis. Med-Staff was founded in 1988 as a local per diem nurse-staffing agency to serve the Philadelphia nursing home market. During the 1990s, it expanded into travel nurse staffing for acute care facilities and by the end of 2000, Med-Staff was predominantly a travel nurse staffing business with substantially all of its revenue derived from hospitals. Recently, Med-Staff has also expanded its per diem business by establishing per diem offices in select regions.

Effective May 7, 2003, the Company, with the consent of its sole director and shareholders ("the Consent"), changed its authorized and issued common stock to 10,000 shares with a $1.00 par value per share. Concurrent with the Consent, the Phantom Stock units (Note 6), available and outstanding, were adjusted to reflect the appropriate capitalization of the Company.

On May 8, 2003, Med-Staff entered into an agreement to sell substantially all of its assets to Cross Country Nurses Inc. (Cross Country) for $104,000,000 plus an earn-out provision up to a maximum of $37,500,000 based on 2003 calendar year performance. The transaction was consummated on June 5, 2003, at which time, substantially all of the Company's assets, liabilities and operations were sold to Cross Country. In connection with the sale, certain operating items were terminated and/or modified, including the lines of credit, phantom stock plan, Company and shareholder guarantees, and certain leases that are more fully discussed in Notes 5 and 7.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company includes all cash amounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with maturities of three months or less at the time of purchase to be cash equivalents.

Concentration of Credit Risk

The Company maintains cash balances primarily at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to $100,000. In the normal course of business, the Company may have deposits that exceed the insured balance.

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable consist primarily of amounts owed from healthcare providers including hospitals and nursing homes. The Company performs ongoing credit evaluations of their customers' financial conditions and, generally, does not require collateral. The Company provides an allowance for bad debts based on experience and specifically identified risks. Accounts receivable are charged off against allowance for bad debts when management determines that recovery is unlikely and the Company ceases collection efforts. Overall, based on the large number of customers in differing geographic areas throughout the United States, the Company believes the concentration of credit risk is limited. Accounts receivable is recorded net of an allowance for doubtful accounts.

Investments

The Company accounts for their investments in equity securities in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. This statement requires securities which are available-for-sale to be carried at fair value, with changes in fair value recognized in accumulated other comprehensive income or loss, a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other than temporary are included in net income.

Prepaid Rent and Deposits

The Company leases a number of apartments for their employees under short-term agreements, which coincide with each employee's staffing contract. As a condition of these agreements, the Company prepays rent and places security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term lease agreements.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are recorded at cost. Depreciation is determined on an accelerated method over the estimated useful lives of the assets, which range from five to seven years. Maintenance and minor repairs are charged to operations as incurred.

2. Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company follows the provision of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), to account for goodwill. Goodwill is tested at least annually for impairment. The test for impairment uses a fair-value based approach, whereby if the implied fair value of a reporting unit's goodwill is less than its carrying amount, goodwill would be considered impaired. Fair value estimates are based upon the discounted value of estimated future cash flows. The test for impairment was not performed during the period from January 1, 2003 to June 4, 2003, however, management believes the sale price of the Company's assets supports the recorded amount of goodwill; accordingly, the Company did not incur an impairmen t charge for the period from January 1, 2003 to June 4, 2003.

Income Taxes

The Company has elected to be treated as a subchapter "S" corporation as defined in the Internal Revenue Code. Therefore, the Company will not be liable for corporate income taxes on their taxable income. Instead, the stockholders are liable for individual income taxes on the Company's taxable income.

The Company incurs state income taxes in states that do not recognize the subchapter "S" status and the financial statements include a provision for the state income tax effect of transactions reported in the financial statements. In addition, the provision includes an estimate for state taxes relating to built-in gains resulting from the Company's conversion from "C" to "S" status.

Revenue Recognition

Revenue from services consists primarily of temporary staffing revenues. The Company recognizes revenue when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At June 4, 2003, the amount accrued is approximately \$2,273,000, all of which was billed subsequent to the period end. The Company is compensated for the services provided at predetermined hourly rates negotiated with their customers, without regard to the Company's cost of providing these services.

2. Summary of Significant Accounting Policies (continued)

Cost of Services

The Company's healthcare professional employees work under a contract. Contract employees are hourly employees whose contract specifies the hourly rate they will be paid, including applicable overtime, and any other benefits they are entitled to receive during the contract period. The Company assumes all employee costs including payroll, payroll taxes, benefits, professional liability insurance, and Occupational Safety and Health Administration, or OSHA, requirements, as well as any travel and housing arrangements.

The Company provides housing in apartments leased by the Company and pay for travel for their contract employees. The Company's contract with the healthcare professional obligates them to provide these services to the healthcare professional.

Reserves for Professional Liability Claims

Professional liability insurance coverage is provided under a "claims made" policy. Under a "claims made" policy, annual premiums afford a company insurance coverage for those claims that both occur and are filed during the policy year. The Company records its estimate of claims incurred but not reported based on comparative company loss histories and normative industry statistics. The ultimate cost of professional liability claims will depend on actual costs incurred to resolve the claims and may differ from the amounts reserved by the Company for those claims.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the period from January 1, 2003 to June 4, 2003 were approximately $439,000.

Estimated Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash, accounts receivable, accounts payable, accrued expenses, and accrued payroll and related taxes approximate fair value because of their short maturity. The carrying amount of the amount outstanding under the lines of credit approximates fair value because the interest rate is tied to a quoted variable market rate index. The carrying amount of the deferred compensation is based on the estimate of the fair value of the underlying common stock.

Med-Staff, Inc.

Notes to Financial Statements (continued)

3. Investments

At June 4, 2003, the Company owned available-for-sale equity investments with a fair value of $126,495 and a cost basis of $162,676, which resulted in unrealized losses of $36,181. The decrease in net unrealized loss on available-for-sale equity investments is charged to other comprehensive income and was $16,894 for the period from January 1, 2003 to June 4, 2003.

4. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment consist of the following at June 4, 2003:

Furniture and fixtures	$ 271,334
Equipment	1,092,111
Total furniture, fixtures and equipment	1,363,445
Less accumulated depreciation	816,693
Net furniture, fixtures and equipment	$ 546,752

5. Lines of Credit

Line of Credit – Bank

At June 4, 2003, the Company maintains a $2,200,000 line of credit with a bank. Outstanding borrowings accrue interest at the bank's prime rate, as defined, less one percent (3.25% at June 4, 2003). The line of credit matured on June 30, 2003, and was not renewed. Outstanding borrowings are secured by substantially all of the Company's assets and the stockholders' guarantee of the facility. At June 4, 2003, there were no outstanding borrowings on the line of credit.

Line of Credit – Stockholders

Through June 4, 2003, the Company had available a line of credit of $3,000,000 from stockholders. Interest was payable monthly at the prime rate of the bank, as defined, providing the line of credit less one percent (3.25% at June 4, 2003). The line of credit was subordinate to the bank line of credit. There were no outstanding borrowings on this line of credit at June 4, 2003.

6. Phantom Stock Plan – Deferred Compensation

Med-Staff has a nonqualified deferred compensation agreement with certain key employees. Awards under the Phantom Stock Plan (the Plan) are granted in units. The maximum number of units that may be awarded under the Plan has been limited to an amount equivalent to 11% of the aggregate number of issued and outstanding shares of common stock (1,100 at June 4, 2003).

Units became 100% vested commensurate with the sale of substantially all Company assets to Cross Country. The units will be redeemed subsequent to June 4, 2003 at their fair market value, which is the value of a share of common stock, and the Plan will terminate.

As of June 4, 2003, 872.2 units were granted and fully vested. The amount accrued under the Plan at June 4, 2003 was $8,721,989. Deferred compensation expense associated with the pro rata vesting of units was $3,000,910 for the period ended June 4, 2003.

7. Related Party Transactions

The Company sublets a portion of its office space to a related party. The rent was allocated based on the percentage of space used but is not subject to a formal lease. The amount of rent charged to the related party for the period from January 1, 2003 to June 4, 2003 was approximately $46,000, and is included in the amount due from/to its related company and netted against rent expense.

The Company accrues interest on amount due from a related party. The Company recorded interest income of $2,018 on the amount due from the related party for the period from January 1, 2003 to June 4, 2003.

The Company is guarantor for borrowings under $6,100,000 of credit facilities maintained by an affiliate and stockholders. At June 4, 2003, there were no outstanding borrowings under the credit facilities. Each facility accrues interest at the Company’s bank’s prime rate, as defined, less one percent (3.25% at June 4, 2003).

8. Leases

The Company leases office space under various noncancelable operating leases. Rent expense paid under these leases (net of sublease revenue) amounted to approximately $427,000 for the period from January 1, 2003 to June 4, 2003.

8. Leases (continued)

The following is a summary of future minimum payments for the noncancelable operating leases described above for the periods ending December 31:

	Gross	Sublease Revenue	Net
June 5, to December 31, 2003	$ 575,398	$ 53,059	$ 522,339
2004	892,135	89,000	803,135
2005	805,552	91,000	714,552
2006	407,894	54,000	353,894
Total	$ 2,680,979	$ 287,059	$ 2,393,920

9. 401(k) Plan

The Company maintains a 401(k) retirement plan for substantially all of its employees. The plan allows eligible employees to defer a portion of their annual compensation pursuant to Section 401(k) of the Internal Revenue Code. The Company matches approximately 25% of the employees' contributions up to 5%. The Company's 401(k) expense was $47,327 for the period from January 1, 2003 to June 4, 2003.

10. Litigation

The Company is, from time to time, involved in various legal proceedings. Management is currently aware of two proceedings, which they believe are without merit and believe the outcome would not materially affect the Company's financial position or results of operations.

Exhibit 99.3

Cross Country Healthcare, Inc.
Unaudited Pro Forma Financial Statements

Links

Cross Country Healthcare, Inc.
Unaudited Pro Forma Consolidated Financial Information

Cross Country Nurses, Inc., a wholly-owned subsidiary of Cross Country Healthcare, Inc. acquired substantially all of the assets of Med-Staff, Inc. (Med-Staff) on June 5, 2003. Subsequent to the acquistion, Cross Country Nurses, Inc. changed its name to Med-Staff, Inc., a Delaware corporation. In accordance with Article 11 of Regulation S-X, presented below is the required pro forma financial information.

The pro forma condensed consolidated statement of operations for the year ended December 31, 2002 and the three months ended March 31, 2003 give effect to the acquisition as if the transaction had occurred on January 1, 2002. The pro forma condensed consolidated balance sheet as of March 31, 2003 gives effect to the acquisition as if the transaction occurred on the balance sheet date.

The pro forma information is based on the historical statements of the acquired business giving effect to the transaction under the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the pro forma condensed consolidated statements of operations.

The pro forma information does not purport to be indicative of the combined results of operations that actually would have taken place if transactions had occurred on such dates.

Cross Country Healthcare, Inc.

Pro Forma Condensed Consolidated Statement of Operations - Three Months Ended March 31, 2003
(unaudited, amounts in thousands)

	As reported Cross Country	Med-Staff (a)	Pro Forma Acquisition Adjustments		Pro Forma Consolidated
Revenue from services	$ 161,003	$ 42,642	$ (133)	(b)	$ 203,512
Operating expenses:					
Direct operating expenses	121,481	33,007	(175)	(b)	154,313
Selling, general and administrative expenses	25,013	5,442	316	(c)	30,771
Bad debt expense	-	100	-		100
Depreciation	1,068	60	(8)	(d)	1,120
Amortization	747	-	254	(e)	1,001
Loss on early extinguishment of debt	-	-	1,105	(f)	1,105
Total operating expenses	148,309	38,609	1,492		188,410
Income from operations	12,694	4,033	(1,625)		15,102
Other expenses:					
Interest expense (income), net	586	(4)	1,363	(g)	1,945
Income before income taxes	12,108	4,037	(2,988)		13,157
Income tax expense	4,686	38	368	(h)	5,092
Income from continuing operations	$ 7,422	$ 3,999	$ (3,356)		$ 8,065
Basic income from continuing operations per common share	$ 0.23				$ 0.25
Diluted income from continuing operations per common share	$ 0.23				$ 0.25
Weighted average shares outstanding - basic	32,247				32,247
Weighted average shares outstanding - diluted	32,607				32,607

Cross Country Healthcare, Inc.

Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2003
(unaudited, amounts in thousands)

	As reported Cross Country	Med-Staff (a)	Pro Forma Acquisition Adjustments		Pro Forma Consolidated
Current assets:					
Cash and cash equivalents	$ 14,221	$ 7,069	$ (16,466)	(i)	$ 4,824
Accounts receivable, net	96,498	25,107	(213)	(i)	121,392
Assets from discontinued operations, net	10	-	-		10
Other current assets	11,160	2,465	(631)	(i)	12,994
Total current assets	121,889	34,641	(17,310)		139,220
Property and equipment, net	11,900	527	163	(j)	12,590
Goodwill, net	229,310	273	77,849	(j)	307,432
Trademark, net	15,749	-	-		15,749
Other identifiable intangible assets, net	6,449	-	4,554	(j)	11,003
Other assets	1,114	-	2,276	(k)	3,390
Total assets	$ 386,411	$ 35,441	$ 67,532		$ 489,384
Current liabilities:					
Accounts payable and accrued expenses	$ 2,195	$ 1,696	$ 514	(l)	$ 4,405
Accrued employee compensation and benefits	31,242	4,075	-		35,317
Current portion of long-term debt	9,532	-	(3,239)	(m)	6,293
Net liabilities from discontinued operations	25	-	-		25
Other current liabilities	5,885	469	(469)	(i)	5,885
Total current liabilities	48,879	6,240	(3,194)		51,925
Deferred income taxes	11,014	-	-		11,014
Deferred compensation	-	5,896	(5,896)	(i)	-
Long term debt	17,963	-	100,953	(m)	118,916
Total liabilities	77,856	12,136	91,863		181,855
Commitments and contingencies					
Stockholders' equity					
Common stock, Class A	3	0	(0)	(n)	3
Additional paid-in-capital	258,790	66	(66)	(n)	258,790
Other stockholders' equity	49,762	23,239	(24,265)	(n)	48,736
Total stockholders' equity	308,555	23,305	(24,331)		307,529
Total liabilities and stockholders' equity	$ 386,411	$ 35,441	$ 67,532		$ 489,384

Cross Country Healthcare, Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Statement of Operations Three Months Ended March 31, 2003
and
Unaudited Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2003
(amounts in thousands)

(a) Represents the historical results of Med-Staff for the three months ended March 31, 2003 and as of March 31, 2003. The historical results for the three months ended March 31, 2003 have been derived from the unaudited financial statements of Med-Staff.

(b) Pro forma adjustment to eliminate intercompany sales. Direct costs adjustment also includes an adjustment for certain costs that Cross Country Healthcare classifies as selling, general and administrative-$42.

(c) Pro forma adjustments to reflect: 1) certain incremental administrative expenses that have been identified to integrate Med-Staff with Cross Country Healthcare on an ongoing basis - $484; and 2) a reclassification of direct costs as explained in footnote (b) and 3) the removal of nonrecurring costs related to the acquisition - $210.

(d) Pro forma adjustment to reflect a change in depreciation method on Med-Staff's property and equipment from an accelerated method to straight-line and additional depreciation of proprietary software recorded as a result of the purchase accounting adjustment described in footnote (j).

(e) Pro forma adjustment to record the amortization of specifically identifiable assets acquired with definite lives of 5-8 years, amortization of loan fees over 5.6 years relating to the new debt as a result of the Med-Staff acquisition, and the removal of the amortization related to the old credit facility.

(f) Pro forma adjustment to write-off loan fees on refinanced debt as a result of the acquisition.

(g) Pro forma increase in interest expense from: 1) additional borrowings utilized to fund the Med-Staff acquisition; and 2) an increase in the interest rate on borrowings relating to the refinanced debt.

(h) Effect of the pro forma adjustments on the provision for income taxes.

(i) Pro forma adjustment to eliminate assets and liabilities not acquired. Cash adjustment includes assumption that $9,398 in cash was used to purchase Med-Staff.

(j) Represents purchase accounting adjustment to record the estimated fair value of tangible and intangible assets per appraisal analysis.

(k) Pro forma adjustment to reflect incremental costs incurred in connection with obtaining a new credit facility to finance the acquisition after writing off loan fees from the previous facility.

(l) Pro forma adjustment to accrue remaining fees related to the acquisition and financing.

(m) Represents the incremental borrowings and revised amortization of debt as a result of the acquisition financing.

(n) Represents the elimination of Med-Staff's equity and the write-off of loan fees - $1,026.

Cross Country Healthcare, Inc.

Unaudited Pro Forma Condensed
Consolidated Statement of Operations - Year Ended December 31, 2002
(unaudited, amounts in thousands)

	As reported Cross Country	Med-Staff (a)	Pro Forma Acquisition Adjustments		Pro Forma Consolidated
Revenue from services	$ 639,953	$ 162,250	$ (885)	(b)	$ 801,318
Operating expenses:					
Direct operating expenses	478,550	122,132	(944)	(b)	599,738
Selling, general and administrative expenses	94,930	20,814	1,704	(c)	117,448
Bad debt expense	242	-	-		242
Depreciation	3,524	210	(51)	(d)	3,683
Amortization	3,148	-	890	(e)	4,038
Non-recurring transaction costs	886	-	-		886
Loss on early extinguishment of debt	-	-	1,544	(f)	1,544
Total operating expenses	581,280	143,156	3,143		727,579
Income from operations	58,673	19,094	(4,028)		73,739
Other expenses:					
Interest expense (income), net	3,753	(84)	6,339	(g)	10,008
Income before income taxes	54,920	19,178	(10,367)		63,731
Income tax expense	21,254	791	2,619	(h)	24,664
Income from continuing operations	$ 33,666	$ 18,387	$ (12,986)		$ 39,067
Basic income from continuing operations per common share	$ 1.04				$ 1.20
Diluted income from continuing operations per common share	$ 1.00				$ 1.16
Weighted average shares outstanding - basic	32,432				32,432
Weighted average shares outstanding - diluted	33,653				33,653

Cross Country Healthcare, Inc.

Notes to the Unaudited Pro Forma Condensed Consolidated Statement of Operations Year Ended December 31, 2002
(amounts in thousands)

a) Represents the historical results of Med-Staff for the year ended December 31, 2002. The historical results for the year ended December 31, 2002 have been derived from the combined audited financial statements of Med-Staff, Inc. and Medical Professional Contractors attached as an exhibit to this Form 8-K filing.

b) Pro forma adjustment to eliminate intercompany sales. Direct costs adjustment also includes and adjustment for certain costs that Cross Country Healthcare classifies as selling, general and administrative -$57.

c) Pro forma adjustments to: 1) reflect certain incremental administrative expense that have been identified to integrate Med-Staff with Cross Country Healthcare on an ongoing basis - $1,936; 2) reflect change in professional liability insurance from an occurrence based to a claims made policy - $938; and 3) a reclassification of direct costs as explained in footnote (b) above - $57; partially offset by 4) the removal of transaction costs that are nonrecurring - $227 and deferred compensation plan expenses - $1,000.

d) Pro forma adjustment to reflect a change in depreciation method on Med-Staff's property and equipment from an accelerated method to straight-line and additional depreciation of proprietary software recorded as a result of the purchase accounting adjustment.

e) Pro forma adjustment to record the amortization of specifically identifiable assets acquired with definite lives of 5-8 years, amortization of loan fees over 5.6 years relating to the new debt as a result of the Med-Staff acquisition, and the removal of the amortization related to the old credit facility.

f) Pro forma adjustment to write-off loan fees on refinanced debt as a result of the acquisition.

g) Pro forma increase in interest expense from: 1) additional borrowings utilized to fund the Med-Staff acquisition; and 2) an increase in the interest rate on borrowings relating to the refinanced debt.

h) Effect of the pro forma adjustments on the provision for income taxes.