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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 5, 2010

TeamStaff, Inc.

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction
of incorporation)

0-18492

(Commission File Number)

22-1899798

(IRS Employer Identification No.)

**1 Executive Drive
Somerset, NJ**

(Address of principal executive offices)

08873

(Zip Code)

Registrant's telephone number, including area code: **(877) 523-9897**

(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 3.02 Unregistered Sales of Equity Securities.

To the extent required by Item 3.02 of the Current Report on Form 8-K, the information required to be disclosed in this Item 3.02 concerning the grant of stock options to Mr. Zachary C. Parker is incorporated herein by reference from Item 5.02.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 9, 2010, TeamStaff, Inc. (the "Company" or "TeamStaff") entered into an employment agreement with Mr. Zachary C. Parker pursuant to which he will become Chief Executive Officer and President of TeamStaff commencing on February 22, 2010. Mr. Parker was also elected to the serve on the Company's Board of Directors as a Class III Director effective as of February 22, 2010. Mr. Parker succeeds Rick J. Filippelli, who served as the Company's Chief Executive Officer and President and a member of its Board of Directors. Mr. Filippelli resigned from his positions with TeamStaff effective February 5, 2010. Also, on February 5, 2010, the Board of Directors named Cheryl Presuto, the Company's Chief Financial Officer, as the Company's Acting President until Mr. Parker commences employment as TeamStaff's Chief Executive Officer and President. On February 10, 2010, the Company issued a press release announcing these matters, a copy of which is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Biographical Information.

Zachary Parker, 52, brings to TeamStaff experience in the government services industry in a variety of leadership roles focused on the provision of program management and systems engineering services, logistics and complementary services for the U.S. Department of Defense, civil agencies and commercial clients. From March 2008 to February 2010 Mr. Parker held increasing leadership positions with aerospace and defense service provider VT Group plc's US operations. These included President of VT Griffin, its largest US entity, and Corporate Executive VP for business development for the entire US operations. In that capacity, Mr. Parker was responsible for strategic planning, new business development and overseeing business intelligence and market research and communications. Mr. Parker joined the VT Group following a nineteen year career with Northrop Grumman where he held a number of key leadership and business development positions, including the position of Executive Director, Business Development, which he held from March 2005 to February 2008. Mr. Parker is active in both professional and community associations including the Governmental Affairs Committee of the Washington DC-based Professional Services Council and has served as industry co-chair of the Government/Industry Partnership Executive Council. Mr. Parker earned his bachelors degree from California State University, Northridge, with honors, specializing in Human Factors Engineering and has completed post-graduate studies.

Employment Arrangements.

On February 9, 2010, the Company entered into an employment agreement with Mr. Parker, the terms of which are summarized below. The following description of the employment agreement is qualified in its entirety by reference to the full text of such agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K. Under the employment agreement, Mr. Parker will assume the positions of Chief Executive Officer and President on February 22, 2010.

- The employment agreement is for an initial term expiring September 30, 2013. Under the employment agreement, Mr. Parker will receive a base salary of \$288,000. Upon any termination of the Employee's employment on or after the expiration date, other than cause (as defined in the employment agreement), Mr. Parker will be entitled to a severance payment equal to 12 months of his then-current base salary.

- Mr. Parker may receive a bonus in the sole discretion of the Management Resources and Compensation Committee of the Board of Directors of up to 70% of his base salary for each fiscal year of employment. The bonus will be based on performance targets and other key objectives established by the committee at the commencement of each fiscal year. For the period commencing on the effective date of the employment agreement and September 30, 2010, Mr. Parker shall be guaranteed a bonus of \$45,000. The committee will establish performance targets for the balance of fiscal 2010 in consultation with Mr. Parker within 30 days of the commencement date to enable him to earn an additional bonus for fiscal 2010, not to exceed in the aggregate 70% of the portion of the base salary actually paid in fiscal 2010.
- The company granted Mr. Parker options to purchase 500,000 shares of common stock under the Company's 2006 Long Term Incentive Plan (the "2006 Plan"). The options shall vest as follows: 50,000 options vest on the commencement of his employment; 150,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$3.00 per share for ten consecutive trading days; an additional 50,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$4.00 per share for ten consecutive trading days; an additional 50,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$5.00 per share for ten consecutive trading days; an additional 50,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$6.00 per share for ten consecutive trading days; an additional 50,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$7.00 per share for ten consecutive trading days; and the remaining 100,000 options shall vest if the closing price of the Company's common stock equals or exceeds \$9.00 per share for ten consecutive trading days. The options, to the extent vested, shall be exercisable for a period of ten years at the per share exercise price of \$1.03, which was the closing price of the Company's common stock on the date of execution of the employment agreement. As used in the employment agreement, closing price shall mean the closing price of the Company's common stock as reported on the principle exchange on which they are listed; provided, however, that in the event of a Change in Control, the closing price shall be equal to the "Change in Control Price", as defined in the 2006 Plan.
- In the event of the termination of his employment, the options granted under the employment agreement will be treated as follows: (i) in the event his employment is terminated for cause, options granted and not exercised as of the termination date shall terminate immediately and be null and void; (ii) in the event Mr. Parker's employment with the Company is terminated due to death, or disability, his (or his estate's or legal representative's) right to purchase shares of common stock pursuant to any stock option or stock option plan to the extent vested as of the date of termination shall remain exercisable for a period of 12 months, but in no event after the expiration of the option; (iii) in the event of a termination of his employment other than for good reason, such options, to the extent vested as of the date of termination, shall remain exercisable for a period of three months following such termination date, but in no event after the expiration of option; (iv) in the event Mr. Parker's employment is terminated by the Company without cause, or by him for good reason, as such terms are defined in the employment agreement, vested options shall remain exercisable in accordance with the 2006 Plan; and (v) in the event of a Change of Control, as defined in the employment agreement, vested options shall remain exercisable in accordance with the 2006 Plan.
- In the event of the termination of employment by us without "cause" or by Mr. Parker for "good reason," as those terms are defined in the employment agreement, or in the event his employment is terminated due to his disability, he would be entitled to: (a) a severance payment of 12 months of base salary; (b) continued participation in our health and welfare plans for a period not to exceed 18 months from the termination date; and (c) all compensation accrued but not paid as of the termination date.
- In the event of the termination of his employment due to his death, Mr. Parker's estate would be entitled to receive: (a) all compensation accrued but not paid as of the termination date; (b) continued participation in our health and welfare plans for a period not to exceed 18 months from the termination date; and (c) payment of a "Pro Rata Bonus", which is defined as an amount equal to the maximum bonus Mr. Parker had an opportunity to earn multiplied by a fraction, the numerator of which shall be the number of days from the commencement of the fiscal year to the termination date, and the denominator of which shall be the number of days in the fiscal year in which he was terminated.

- If Mr. Parker’s employment is terminated by us for “cause” or by him without “good reason,” he is not entitled to any additional compensation or benefits other than his accrued and unpaid compensation.
- In the event that within 90 days of a “Change of Control” as defined in the employment agreement, (a) Mr. Parker is terminated, or (b) his status, title, position or responsibilities are materially reduced and he terminates his employment, the Company shall pay and/or provide to him, the following compensation and benefits: (i) the accrued compensation; (ii) the continuation benefits; and (iii) a lump sum payment equal to 150% of his base salary in effect on the effective date of the change of control. If the payments due in the event of a change in control would constitute an “excess parachute payment” as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”), the aggregate of such credits or payments under the employment agreement and other agreements shall be reduced to the largest amount as will result in no portion of such aggregate payments being subject to the excise tax imposed by Section 4999 of the Code. The priority of the reduction of excess parachute payments shall be in the discretion of Mr. Parker.
- Pursuant to the employment agreement, Mr. Parker is subject to customary confidentiality, non-solicitation of employees and non-competition obligations that survive the termination of such agreements.

Item 9.01 Financial Statements and Exhibits

The following exhibits are attached to this Form 8-K:

(d)	Exhibit Number	Exhibit Title or Description
	10.1	Employment Agreement with Zachary C. Parker, dated February 9, 2010.
	99.1	Press Release dated February 10, 2010.

SIGNATURE

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.

TeamStaff, Inc.

By: /s/ Cheryl Presuto
Name: Cheryl Presuto
Title: Acting President and Chief Financial Officer

Date: February 11, 2010

EXHIBIT INDEX

Exhibit Number	Description
10.1	Employment Agreement with Zachary C. Parker, dated February 9, 2010.
99.1	Press Release dated February 10, 2010.

EMPLOYMENT AGREEMENT

THIS AGREEMENT is made on the 9th day of February, 2010 by and between Zachary Parker (the "Employee") and TEAMSTAFF, INC., a New Jersey corporation (the "Company").

WITNESSETH:

WHEREAS, the Company and its subsidiaries are engaged in the business of providing business outsourcing services; and

WHEREAS, the Company desires to employ the Employee and secure for the Company the experience, ability and services of the Employee; and

WHEREAS, the Employee desires to accept employment with the Company, pursuant to the terms and conditions herein set forth, superseding all prior oral and written agreements, term sheets and letters between the Company, its subsidiaries and/or predecessors and Employee;

NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

1.1 *Accrued Compensation.* Accrued Compensation shall mean an amount which shall include all amounts earned or accrued through the "Termination Date" (as defined below) but not paid as of the Termination Date, including (i) Base Salary, (ii) reimbursement for business expenses incurred by the Employee on behalf of the Company, pursuant to the Company's expense reimbursement policy in effect at such time, (iii) vacation pay, and (iv) unpaid bonuses and incentive compensation earned and awarded prior to the Termination Date.

1.2 *Cause*. Cause shall mean: (i) willful disobedience by the Employee of a material and lawful instruction of the Board of Directors of the Company; (ii) formal charge, indictment or conviction of the Employee of any misdemeanor involving fraud or embezzlement or similar crime, or any felony; (iii) conduct amounting to fraud, dishonesty, gross negligence, willful misconduct or recurring insubordination; or (iv) excessive absences from work, other than for illness or Disability; provided that the Company shall not have the right to terminate the employment of Employee pursuant to the foregoing clauses (i), (iii), and (iv) above unless written notice specifying such breach shall have been given to the Employee and, in the case of breach which is capable of being cured, the Employee shall have failed to cure such breach within thirty (30) days after his receipt of such notice.

1.3 *Change in Control*. "Change in Control" shall mean any of the following events:

a. (i) An acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of twenty percent (20%) or more of the combined voting power of the Company's then outstanding Voting Securities (27% if such Person is Wynnefield Capital Inc. and its affiliates); provided, however, that in determining whether a Change in Control has occurred, Voting Securities which are acquired in a "Non-Control Acquisition" (as defined below) shall not constitute an acquisition which would cause a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (1) an employee benefit plan (or a trust forming a part thereof) maintained by (x) the Company or (y) any corporation or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Company (a "Subsidiary"), or (2) the Company or any Subsidiary.

(ii) Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because a Person (the "Subject Person") gained Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Company which, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by the Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Voting Securities which increases the percentage of the then outstanding Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

b. The individuals who, as of the date this Agreement is approved by the Board, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least two-thirds of the Board; provided, however, that if the election, or nomination for election by the Company's stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered and defined as a member of the Incumbent Board; and provided, further, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual "Election Contest" (as described in Rule 14a-11 promulgated under the 1934 Act) or other solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest"); or

c. Approval by stockholders of the Company of:

(i) A merger, consolidation or reorganization involving the Company, unless: (1) the stockholders of the Company, immediately before such merger, consolidation or reorganization, own, directly or indirectly immediately following such merger, consolidation or reorganization, at least sixty percent (60%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization, (2) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least two-thirds of the members of the board of directors of the Surviving Corporation, and (3) no Person (other than the Company, any Subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Company, the Surviving Corporation or any Subsidiary) becomes Beneficial Owner of twenty percent (20%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities as a result of such merger (27% if such Person is Wynnnefield Capital Inc. and its affiliates), consolidation or reorganization, a transaction described in clauses (1) through (3) shall herein be referred to as a "Non-Control Transaction"; or

(ii) An agreement for the sale or other disposition of all or substantially all of the assets of the Company, to any Person, other than a transfer to a Subsidiary, in one transaction or a series of related transactions;

(iii) The stockholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

d. Notwithstanding anything contained in this Agreement to the contrary, if the Employee's employment is terminated prior to a Change in Control and the Employee reasonably demonstrates that such termination (i) was at the request of a third party who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "Third Party") or (ii) otherwise occurred in connection with, or in anticipation of, a Change in Control, then for all purposes of this Agreement, the date of a Change in Control with respect to the Employee shall mean the date immediately prior to the date of such termination of the Employee's employment.

1.4 *Continuation Benefits*. Continuation Benefits shall be the continuation of the Benefits, as defined in Section 5.1, for the period commencing on the Termination Date and terminating 12 months thereafter, or such other period as specifically stated by this agreement (the "Continuation Period") at the Company's expense on behalf of the Employee and his dependents; provided, however, that (i) in no event shall the Continuation Period exceed 18 months from the Termination Date; and (ii) the level and availability of benefits provided during the Continuation Period shall at all times be subject to the post-employment conversion or portability provisions of the benefit plans. The Company's obligation hereunder with respect to the foregoing benefits shall also be limited to the extent that if the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverage and benefits of the combined benefit plans is no less favorable to the Employee than the coverage and benefits required to be provided hereunder. This definition of Continuation Benefits shall not be interpreted so as to limit any benefits to which the Employee, his dependents or beneficiaries may be entitled under any of the Company's employee benefit plans, programs or practices following the Employee's termination of employment, including, without limitation, retiree medical and life insurance benefits.

1.5 *Disability*. Disability shall mean a physical or mental infirmity which impairs the Employee's ability to substantially perform his duties with the Company for a period of sixty (60) consecutive days and the Employee has not returned to his full time employment prior to the Termination Date as stated in the "Notice of Termination" (as defined below).

1.6 *Good Reason*. "Good Reason" shall mean without the written consent of the Employee: (A) a material breach of any provision of this Agreement by the Company; (B) failure by the Company to pay when due any compensation to the Employee; (C) a reduction in the Employee's Base Salary; (D) failure by the Company to maintain the Employee in the positions referred to in Section 2.1 of this Agreement; (E) assignment to the Employee of any duties materially and adversely inconsistent with the Employee's positions, authority, duties, responsibilities, powers, functions, reporting relationship or title or any other action by the Company that results in a material diminution of such positions, authority, duties, responsibilities, powers, functions, reporting relationship or title; or (F) a Change in Control, provided the event on which the Change of Control is predicated occurs within 90 days of the service of the Notice of Termination by the Employee, it being understood that Employee shall have the right to terminate his employment under this Section 1.6 (F) for any reason or no reason within such 90 day period; and provided further, however, that the Employee agrees not to terminate his employment for Good Reason pursuant to clauses (A) through (E) unless (a) the Employee has given the Company at least 30 days' prior written notice of his intent to terminate his employment for Good Reason, which notice shall specify the facts and circumstances constituting Good Reason; and (b) the Company has not remedied such facts and circumstances constituting Good Reason to the reasonable and good faith satisfaction of the Employee within a 30-day period after receipt of such notice.

1.7 *Notice of Termination*. Notice of Termination shall mean a written notice from the Company, or the Employee, of termination of the Employee's employment which indicates the provision in this Agreement relied upon, if any and which sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated. A Notice of Termination served by the Company shall specify the effective date of termination.

1.8 *Pro Rata Bonus*. "Pro Rata Bonus" shall mean an amount equal to the maximum bonus Employee had an opportunity to earn pursuant to section 4.2 multiplied by a fraction, the numerator of which shall be the number of days from the commencement of the fiscal year to the Termination Date, and the denominator of which shall be the number of days in the fiscal year in which Employee was terminated.

1.1 *Severance Payment*. "Severance Payment" shall mean an amount equal to the sum of 12 months of Employee's Base Salary in effect on the Termination Date. The Severance Payment shall be payable in equal installments on each of the Company's regular pay dates for executives during the twelve months commencing on the first regular executive pay date following the Termination Date. The Severance Payment is conditioned on the Employee executing a termination agreement and release in a form reasonably acceptable to the Employee and the Company.

1.2 *Termination Date*. Termination Date shall mean (i) in the case of the Employee's death, his date of death; (ii) in the case of Good Reason, 30 days from the date the Notice of Termination is given to the Company, provided the Company has not remedied such facts and circumstances constituting Good Reason to the reasonable and good faith satisfaction of the Employee; (iii) in the case of termination of employment on or after the Expiration Date, the last day of employment; and (iv) in all other cases, the date specified in the Notice of Termination; provided, however, if the Employee's employment is terminated by the Company for any reason except Cause, the date specified in the Notice of Termination shall be at least 30 days from the date the Notice of Termination is given to the Employee, and provided further that in the case of Disability, the Employee shall not have returned to the full-time performance of his duties during such period of at least 30 days.

ARTICLE II

EMPLOYMENT

2.1 Subject to and upon the terms and conditions of this Agreement, the Company hereby agrees to employ the Employee, and the Employee hereby accepts such employment, as President and Chief Executive Officer of the Company, which positions he shall assume on February 22, 2010. The Employee's position includes acting as an officer and/or director of any of the Company's subsidiaries as determined by the Board of Directors. The Company shall nominate Employee, and use its best efforts to have Employee elected to the Board of Directors of the Company (the "Board") commencing on February 22, 2010 and continuing throughout the term of this Agreement. The Employee agrees to resign from the Board upon the termination of employment for any reason.

ARTICLE III

DUTIES

3.1 The Employee shall, during the term of his employment with the Company, and subject to the direction and control of the Company's Board of Directors, perform such duties and functions as he may be called upon to perform by the Company's Board of Directors during the term of this Agreement, consistent with his position as President and Chief Executive Officer.

3.2 The Employee shall perform, in conjunction with the Company's Executive Management, to the best of his ability the following services and duties for the Company and its subsidiary corporations (by way of example, and not by way of limitation):

- (i) Those duties attendant to the position of Chief Executive Officer;
- (ii) Establish and implement current and long range objectives, plans, and policies, subject to the approval of the Board of Directors;
- (iii) Financial planning including the development of, liaison with, financing sources and investment bankers;
- (iv) Managerial oversight of the Company's business;
- (v) Shareholder relations;
- (vi) Compliance with local, state and federal regulations and laws governing business operations;
- (vii) Business expansion of the Company including acquisitions, joint ventures, and other opportunities; and
- (viii) Promotion of the relationships of the Company and its subsidiaries with their respective employees, customers, suppliers and others in the business community.

3.3 The Employee agrees to devote full business time and his best efforts in the performance of his duties for the Company and any subsidiary corporation of the Company.

3.4 Employee shall undertake regular travel to the Company's executive and operational offices, and such other occasional travel within or outside the United States as is or may be reasonably necessary in the interests of the Company. All such travel shall be at the sole cost and expense of the Company and shall include reasonable lodging and food costs incurred by Employee while traveling.

ARTICLE IV
COMPENSATION

4.1 During the term of this Agreement, Employee shall be compensated initially at the rate of \$288,000 per annum, subject to such increases, if any, as determined by the Board of Directors, or if the Board so designates, the Management Resources and Compensation Committee (the "Committee"), in its discretion, at the commencement of each of the Company's fiscal years during the term of this Agreement (the "Base Salary"). The Base Salary shall be paid to the Employee in accordance with the Company's regular executive payroll periods.

4.2 Employee may receive a bonus (the "Bonus") in the sole discretion of the Committee.

(i) Employee will have an opportunity to earn a cash Bonus of up to 70% of Employee's Base Salary for each fiscal year of employment. The Bonus will be based on performance targets and other key objectives established by the Committee at the commencement of each fiscal year, and the determination of whether the performance criteria shall have been attained shall be solely in the discretion of the Committee.

(ii) Targeted bonus will be reduced or increased by 2% of Base Salary for every 1% of variance between the actual results and the targets.

(iii) No bonus will be awarded if results are less than 90% of target and no bonus will exceed 90% of salary.

(iv) For the period commencing on the effective date of this Agreement and September 30, 2010, Employee shall be guaranteed a bonus of \$45,000 payable \$25,000 on June 30, 2010 and \$20,000 on September 30, 2010, provided Employee has not voluntarily resigned, or been terminated for cause prior to such dates. The Committee will establish performance targets for the balance of Fiscal 2010 in consultation with Employee within thirty (30) days of the Commencement Date to enable Employee to earn additional cash bonus for Fiscal 2010, not to exceed in the aggregate 70% of the portion of the Base Salary actually paid in Fiscal 2010.

4.3 The Company shall deduct from Employee's compensation all federal, state, and local taxes which it may now or hereafter be required to deduct.

4.4 Employee may receive such other additional compensation as may be determined from time to time by the Board of Directors including bonuses and other long term compensation plans. Nothing herein shall be deemed or construed to require the Board to award any bonus or additional compensation.

ARTICLE V

BENEFITS

5.1 During the term hereof, the Company shall provide Employee with the following benefits (the "Benefits"): (i) group health care and insurance benefits as generally made available to the Company's senior management; and (ii) such other insurance benefits obtained by the Company and made generally available to the Company's senior management. The Company shall reimburse Employee, upon presentation of appropriate vouchers, for all reasonable business expenses incurred by Employee on behalf of the Company upon presentation of suitable documentation.

5.2 In the event the Company wishes to obtain Key Man life insurance on the life of Employee, Employee agrees to cooperate with the Company in completing any applications necessary to obtain such insurance and promptly submit to such physical examinations and furnish such information as any proposed insurance carrier may request.

5.3 Employee shall be entitled to paid vacation at the rate of four (4) weeks per annum; three (3) weeks for the balance of Fiscal 2010.

ARTICLE VI

NON-DISCLOSURE

6.1 The Employee shall not, at any time during or after the termination of her employment hereunder, except when acting on behalf of and with the authorization of the Company, make use of or disclose to any person, corporation, or other entity, for any purpose whatsoever, any trade secret or other confidential information concerning the Company's business, finances, marketing, accounting, personnel and/or staffing business of the Company and its subsidiaries, including information relating to any customer of the Company or pool of temporary or permanent employees, governmental customer or any other nonpublic business information of the Company and/or its subsidiaries learned as a consequence of Employee's employment with the Company (collectively referred to as the "Proprietary Information"). For the purposes of this Agreement, trade secrets and confidential information shall mean information disclosed to the Employee or known by him as a consequence of her employment by the Company, whether or not pursuant to this Agreement, and not generally known in the industry. The Employee acknowledges that trade secrets and other items of confidential information, as they may exist from time to time, are valuable and unique assets of the Company, and that disclosure of any such information would cause substantial injury to the Company. Trade secrets and confidential information shall cease to be trade secrets or confidential information, as applicable, at such time as such information becomes public other than through disclosure, directly or indirectly, by Employee in violation of this Agreement.

6.2 If Employee is requested or required (by oral questions, interrogatories, requests for information or document subpoenas, civil investigative demands, or similar process) to disclose any Proprietary Information, Employee shall, unless prohibited by law, promptly notify the Company of such request(s) so that the Company may seek an appropriate protective order.

ARTICLE VII

RESTRICTIVE COVENANT

7.1 During the term of Employment with the Company, and for a period of one (1) year following termination of employment for any reason, Employee agrees that he will not, directly or indirectly, enter into or become associated with or engage in any other business (whether as a partner, officer, director, shareholder, employee, consultant, or otherwise), which is involved in the business of providing (i) temporary and/or permanent staffing of governmental employees, and (ii) medical and office administration/technical professionals through Federal Supply Schedule ("FSS") contracts with both the United States General Services Administration ("GSA"), United States Department of Veterans Affairs ("DVA"), United States Department of Defense ("DOD") or other federal, state and local entities, or (iii) is otherwise engaged in the same or similar business as the Company in direct competition with the Company, or which the Company was in the process of developing, during the tenure of Employee's employment by the Company. Notwithstanding the foregoing, the ownership by Employee of less than five percent of the shares of any publicly held corporation shall not violate the provisions of this Article VII. In furtherance of, and in addition to, the foregoing, Employee shall not during the aforesaid period of non-competition, directly or indirectly, in connection with any temporary or permanent employee placement, governmental staffing or any other business of the Company and its subsidiaries, or any business similar to the business in which the Company was engaged, or in the process of developing during Employee's tenure with the Company, solicit any customer of the Company who was a customer of the Company during the tenure of his employment.

7.2 In addition, Employee will not for a period of one year after the termination of employment for any reason, either directly or indirectly, (a) solicit any person who is employed by the Company (or who was employed by the Company within 90 days of the Termination Date to: (i) terminate his employment with the Company; (ii) accept employment with anyone other than the Company, or (iii) in any manner interfere with the business of the Company.

7.3 If any court shall hold that the duration of non-competition or any other restriction contained in this Article VII is unenforceable, it is our intention that same shall not thereby be terminated but shall be deemed amended to delete therefrom such provision or portion adjudicated to be invalid or unenforceable or, in the alternative, such judicially substituted term may be substituted therefor.

ARTICLE VIII

TERM

8.1 This Agreement shall be for a term (the "Initial Term") commencing on the effective date as set forth above (the "Commencement Date") and terminating on September 30, 2013 (the "Expiration Date"), unless sooner terminated upon the death of the Employee, or as otherwise provided herein.

8.2 Unless this Agreement is earlier terminated pursuant to the terms hereof, the Company agrees to use its best efforts to notify Employee in writing whether it intends to negotiate a renewal of this Agreement by notice ninety (90) days prior to the Expiration Date. In the event (i) the Company shall have failed to notify the Employee of its intention to renew as provided by this Section 8.2, or (ii) the Company fails to reach agreement with Employee as to the terms of a new employment agreement after providing such notice, in addition to any other payments due hereunder, upon termination of the Employee's employment on or after the Expiration Date for any reason except Cause, the Company shall pay Employee the Severance Payment.

ARTICLE IX

TERMINATION

9.1 The Company may terminate this Agreement by giving a Notice of Termination to the Employee in accordance with this Agreement:

- (i) for Cause;
- (ii) without Cause;
- (iii) for Disability.

9.2 Employee may terminate this Agreement by giving a Notice of Termination to the Company in accordance with this Agreement, at any time, with or without good reason.

9.3 If the Employee's employment with the Company shall be terminated, the Company shall pay and/or provide to the Employee the following compensation and benefits in lieu of any other compensation or benefits arising under this Agreement or otherwise:

(i) if the Employee was terminated by the Company for Cause, or the Employee terminates without Good Reason, the Accrued Compensation;

(ii) if the Employee was terminated by the Company for Disability, the Continuation Benefits; the Accrued Compensation; and the Severance Payment; or

(iii) if termination was due to the Employee's death, the Accrued Compensation; the Continuation Benefits; and the Pro Rata Bonus; or

(iv) if the Employee was terminated by the Company without cause, or the Employee terminates this Agreement for Good Reason, the Accrued Compensation; the Severance Payment; and the Continuation Benefits.

9.4 The amounts payable under this Section 9, shall be paid as follows:

(i) Accrued Compensation shall be paid within five (5) business days after the Employee's Termination Date (or earlier, if required by applicable law).

(ii) If the Continuation Benefits are paid in cash, the payments shall be made on the first day of each month during the Continuation Period (or earlier, if required by applicable law).

(iii) The Base Salary through the Expiration Date shall be paid in accordance with the Company's regular pay periods (or earlier, if required by applicable law).

9.5 Notwithstanding the foregoing, in the event Employee is a member of the Board of Directors on the Termination Date, the payment of any and all compensation due hereunder, except Accrued Compensation, and Employee's right to exercise any Employee Stock Option after the Termination Date, is expressly conditioned on Employee's resignation from the Board of Directors within five (5) business days of notice by the Company requesting such resignation.

9.6 The Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Employee in any subsequent employment except as provided in Sections 1.4.

ARTICLE X

TERMINATION OF PRIOR AGREEMENTS

10.1 This Agreement sets forth the entire agreement between the parties and supersedes all prior agreements, letters and understandings between the parties, whether oral or written prior to the effective date of this Agreement except for the terms of employee stock option plans, restricted stock grants and option certificates.

ARTICLE XI

STOCK OPTIONS

11.1 As an inducement to Employee to enter into this Agreement, the Company hereby grants to Employee options to purchase 500,000 shares of the Company's Common Stock, \$.001 par value (the "Options"), subject to the terms and conditions of the Company's 2006 Long Term Incentive Plan (the "Plan"), and the terms and conditions set forth in the Stock Option Agreement which are incorporated herein by reference. Provided Employee is an employee of the Company on the vesting date, and unless otherwise provided by this Agreement, the options shall vest as follows:

(i) 50,000 options on the Commencement Date;

(ii) 150,000 options if the closing price of the Company's Common Stock equals or exceeds \$3.00 per share for ten consecutive trading days;

(iii) 50,000 options if the closing price of the Company's Common Stock equals or exceeds \$4.00 per share for ten consecutive trading days;

(iv) 50,000 options if the closing price of the Company's Common Stock equals or exceeds \$5.00 per share for ten consecutive trading days;

(v) 50,000 options if the closing price of the Company's Common Stock equals or exceeds \$6.00 per share for ten consecutive trading days;

(vi) 50,000 options if the closing price of the Company's Common Stock equals or exceeds \$7.00 per share for ten consecutive trading days; and

(vii) 100,000 options if the closing price of the Company's Common Stock equals or exceeds \$9.00 per share for ten consecutive trading days.

11.2 The Options, to the extent vested, shall be exercisable for a period of ten years from the date of this Agreement (the "Exercise Period").

11.3 The Closing Price of a share of Common Stock shall mean (i) if the Common Stock is traded on a national securities exchange or on the Nasdaq Stock Market ("Nasdaq"), the per share closing price of the Common Stock shall be the reported closing price the principal securities exchange on which they are listed or on Nasdaq, as the case may be, on the date of determination (or if there is no closing price for such date of determination, then the last preceding business day on which there was a closing price); or (ii) if the Common Stock is traded in the over-the-counter market but bid quotations are not published on Nasdaq, the closing bid price per share for the Common Stock as furnished by a broker-dealer which regularly furnishes price quotations for the Common Stock; provided, however, that in the event of a Change in Control, the closing price shall be the "Change in Control Price" as defined in the Plan.

11.4 The exercise price of the Options shall be equal to Fair Market Value of the Company's Common Stock on the date this Agreement is fully executed as determined under the Plan, and shall contain such other terms and conditions as set forth in the stock option agreement.

11.5 The Options provided for herein are not transferable by Employee and shall be exercised only by Employee, or by his legal representative or executor, as provided in the Plan. Such Options shall terminate as provided in the Plan, except as otherwise modified by this Agreement or the stock option agreement.

11.6 In the event of a termination of Employee's employment with the Company pursuant to Section 9.1(i), options granted and not exercised as of the Termination Date shall terminate immediately and be null and void. In the event of a termination of Employee's employment with the Company due to the Employee's death, or Disability, the Employee's (or his estate's or legal representative's) right to purchase shares of Common Stock of the Company pursuant to any stock option or stock option plan to the extent vested as of the Termination Date shall remain exercisable in accordance with the Plan. In the event of a termination of Employee's employment with the Company by the Employee other than for Good Reason, the Employee's right to purchase shares of Common Stock of the Company pursuant to any stock option or stock option plan to the extent vested as of the Termination Date shall remain exercisable for a period of three months following the Termination Date, but in no event after the expiration of the exercise period.

11.7 In the event of Employee's termination by the Company without cause or by Employee for Good Reason, vested options shall remain exercisable in accordance with the Plan.

11.8 In the event of a Change of Control, as defined in Section 1.3, vested options shall remain exercisable in accordance with the Plan.

ARTICLE XII

EXTRAORDINARY TRANSACTIONS

12.1 The Company's Board of Directors has determined that it is appropriate to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Employee, to their assigned duties without distraction in potentially disturbing circumstances arising from the possibility of a change in control of the Company.

12.2 In the event that within ninety days (90) days of a Change of Control as described in Section 12.2, (i) Employee is terminated, or (ii) Employee's status, title, position or responsibilities are materially reduced and Employee terminates his Employment, the Company shall pay and/or provide to the Employee, the following compensation and benefits:

- a. The Company shall pay the Employee, in lieu of any other payments due hereunder, (i) the Accrued Compensation; (ii) the Continuation Benefits; and (iii) a lump sum payment equal to 150% of the Employee's Base Salary in effect on the effective date of the Change of Control.

12.3 Notwithstanding the foregoing, if the payment under this Article XII, either alone or together with other payments which the Employee has the right to receive from the Company, would constitute an "excess parachute payment" as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the aggregate of such credits or payments under this Agreement and other agreements shall be reduced to the largest amount as will result in no portion of such aggregate payments being subject to the excise tax imposed by Section 4999 of the Code. The priority of the reduction of excess parachute payments shall be in the discretion of the Employee. The Company shall give notice to the Employee as soon as practicable after its determination that Change of Control payments and benefits are subject to the excise tax, but no later than ten (10) days in advance of the due date of such Change of Control payments and benefits, specifying the proposed date of payment and the Change of Control benefits and payments subject to the excise tax. Employee shall exercise his option under this paragraph 12.2 by written notice to the Company within five (5) days in advance of the due date of the Change of Control payments and benefits specifying the priority of reduction of the excess parachute payments.

ARTICLE XIII

ARBITRATION AND INDEMNIFICATION

13.1 Any controversy, dispute or claim arising out of or relating to this Agreement or breach thereof, with the sole exception of any claim, breach, or violation arising under Articles VI or VII hereof, shall be shall first be settled through good faith negotiation. If the dispute cannot be settled through negotiation, the parties agree to attempt in good faith to settle the dispute by mediation administered by JAMS. If the parties are unsuccessful at resolving the dispute through mediation, the parties agree to final and binding arbitration before a single arbitrator in the State of Georgia in accordance with the Rules of the American Arbitration Association. The arbitrator shall be selected by the Association and shall be an attorney-at-law experienced in the field of corporate law. Any judgment upon any arbitration award may be entered in any court, federal or state, having competent jurisdiction of the parties.

13.2 The Company hereby agrees to indemnify, defend, and hold harmless the Employee for any and all claims arising from or related to his employment by the Company at any time asserted, at any place asserted, to the fullest extent permitted by law, except for claims based on Employee's fraud, deceit or willfulness. The Company shall maintain such insurance as is necessary and reasonable to protect the Employee from any and all claims arising from or in connection with his employment by the Company during the term of Employee's employment with the Company and for a period of six (6) years after the date of termination of employment for any reason. The provisions of this Section 13.2 are in addition to and not in lieu of any indemnification, defense or other benefit to which Employee may be entitled by statute, regulation, common law or otherwise.

ARTICLE XIV

SEVERABILITY

If any provision of this Agreement shall be held invalid and unenforceable, the remainder of this Agreement shall remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall remain in full force and effect in all other circumstances.

ARTICLE XV

NOTICE

For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when (a) personally delivered or (b) sent by (i) a nationally recognized overnight courier service or (ii) certified mail, return receipt requested, postage prepaid and in each case addressed to the respective addresses as set forth below or to any such other address as the party to receive the notice shall advise by due notice given in accordance with this paragraph. All notices and communications shall be deemed to have been received on (A) if delivered by personal service, the date of delivery thereof; (B) if delivered by a nationally recognized overnight courier service, on the first business day following deposit with such courier service; or (C) on the third business day after the mailing thereof via certified mail. Notwithstanding the foregoing, any notice of change of address shall be effective only upon receipt.

The current addresses of the parties are as follows:

IF TO THE COMPANY: TeamStaff, Inc.
1 Executive Drive
Somerset, NJ 08873

WITH A COPY TO: Victor J. DiGioia
Becker & Poliakoff, LLP
45 Broadway
New York, NY 10006

IF TO THE EMPLOYEE:

ARTICLE XVI

BENEFIT

This Agreement shall inure to, and shall be binding upon, the parties hereto, the successors and assigns of the Company, and the heirs and personal representatives of the Employee.

ARTICLE XVII

WAIVER

The waiver by either party of any breach or violation of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of construction and validity.

ARTICLE XVIII

GOVERNING LAW

This Agreement has been negotiated and executed in the State of Georgia which shall govern its construction and validity.

ARTICLE XIX

JURISDICTION

Any or all actions or proceedings which may be brought by the Company or Employee under this Agreement shall be brought in courts having a situs within the State of Georgia, and Employee and the Company each hereby consent to the jurisdiction of any local, state, or federal court located within the State of Georgia.

ARTICLE XX

ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties hereto. No change, addition, or amendment shall be made hereto, except by written agreement signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and affixed their hands and seals the day and year first above written.

TEAMSTAFF, INC.

By: /s/ Frederick G. Wasserman
Frederick G. Wasserman
Chairman of the Board

/s/ Zachary Parker
Zachary Parker
Employee

TEAMSTAFF INC.

FOR IMMEDIATE RELEASE

CONTACTS:

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866-352-5304

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**TeamStaff Names Zachary Parker
As New Chief Executive Officer**

Will Oversee Development of Government Staffing Strategy

Somerset, New Jersey — February 10, 2010 — TeamStaff, Inc. (Nasdaq: TSTF) a leading healthcare and logistical staffing provider serving the Federal Government, today announced that Zachary C. Parker has been named as the company's Chief Executive Officer and President, effective February 22, 2010. Mr. Parker succeeds Rick J. Filippelli, who has served as the company's Chief Executive Officer and President and a member of its Board of Directors. Mr. Filippelli resigned from TeamStaff effective February 5, 2010 after successfully overseeing the sale of TeamStaff Rx and the development of a new government staffing initiative. The Board of Directors has named Cheryl Presuto, the company's Chief Financial Officer, as the company's Acting President until Mr. Parker commences employment as TeamStaff's Chief Executive Officer and President. Mr. Parker has also been elected to serve as a Class III Director on TeamStaff's Board of Directors effective with the commencement of his employment as Chief Executive Officer and President. The company's executive search was conducted with the assistance of DHR International.

As CEO, Mr. Parker will be responsible for the company's strategic direction and day-to-day operations. "I am very pleased to have someone with Zach's strengths join TeamStaff," stated Frederick Wasserman, TeamStaff's Chairman of the Board. "I believe he brings the leadership skills and background required to implement the company's strategic plan and improve shareholder value. Identifying the right individual to take on the CEO role has been our priority for months and all of us are pleased to have Zach on board." Mr. Wasserman continued, "Under Mr. Filippelli's leadership, TeamStaff has streamlined its operations and positioned itself for future growth. We appreciate his distinguished record of service to the organization."

Zachary Parker, 52, brings to TeamStaff experience in the government services industry in a variety of leadership roles focused on the provision of program management and systems engineering services, logistics and complementary services for the U.S. Department of Defense, civil agencies and commercial clients. Most recently, Mr. Parker served as the Executive Vice President for Business Development for the U.S. operations of VT Group, a segment of VT Group, PLC, providing aerospace and defense services. In that capacity, Mr. Parker was responsible for strategic planning, new business development and overseeing business intelligence and market research and communications. Prior to this position, Mr. Parker served as the President of VT Group's largest U.S. subsidiary, VT Griffin. Mr. Parker joined the VT Group following a nineteen year career with Northrop Grumman where he held a number of key leadership and business development positions, including Executive Director, Business Development. Mr. Parker is active in both professional and community associations and has served as co-chairman of the DoD/Industry Partnership Executive Council. Zach Parker earned his bachelors degree from California State University, Northridge, with honors, specializing in Human Factors Engineering and has completed post-graduate studies.

“I am extremely pleased to be joining TeamStaff,” said Zachary Parker. “It is a privilege to have the opportunity to lead the company at this exciting stage in its growth cycle. I believe that TeamStaff is well positioned for growth in the government services sector and that we have the talent and resources necessary to establish the company as a premier service provider.”

About TeamStaff, Inc.

Headquartered in Somerset, New Jersey, TeamStaff through its subsidiary, TeamStaff Government Solutions, specializes in providing medical, logistics, supply chain management, information technology and office administration professionals through nationwide Federal Supply Schedule contracts with both the United States General Services Administration and the United States Department of Veterans Affairs. For more information, visit the TeamStaff web site at www.teamstaff.com.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995:

This press release contains “forward-looking statements” as defined by the Federal Securities Laws. Statements in this press release regarding TeamStaff, Inc.’s business, which are not historical facts are “forward-looking statements” that involve risks and uncertainties. TeamStaff’s actual results could differ materially from those described in such forward-looking statements as a result of certain risk factors and uncertainties, including but not limited to: our ability to continue to recruit and retain qualified temporary and permanent healthcare professionals and administrative staff on acceptable terms; our ability to enter into contracts with hospitals, healthcare facility clients, affiliated healthcare networks, physician practice groups, government agencies and other customers on terms attractive to us and to secure orders related to those contracts; changes in the timing of customer orders for placement of temporary and permanent healthcare professionals and administrative staff; the overall level of demand for our services; our ability to successfully implement our strategic growth, acquisition and integration strategies; the effect of existing or future government legislation and regulation; the loss of key officers and management personnel that could adversely affect our ability to remain competitive; other regulatory and tax developments; and the effect of other events and important factors disclosed previously and from time-to-time in TeamStaff’s filings with the U.S. Securities Exchange Commission. For a discussion of such risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in the Company’s periodic reports filed with the SEC. The information in this release should be considered accurate only as of the date of the release. TeamStaff expressly disclaims any current intention to update any forecasts, estimates or other forward-looking statements contained in this press release.

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