

## 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) April 7, 2000

TEAMSTAFF, INC.  
(Exact name of Registrant as specified in charter)

New Jersey (State or other jurisdic- tion of incorporation)	0-18492 (Commission File Number)	22-1899798 (IRS Employer Identification No.)
---	--	--

300 Atrium Drive, Somerset, N.J. (Address of principal executive offices)	08873 (Zip Code)
--	---------------------

Registrant's telephone number, including area code (732) 748-1700

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

## ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On April 7, 2000 TeamStaff, Inc. ("TeamStaff" or the "Company") entered into a definitive Asset Purchase Agreement to acquire substantially all of the assets of the professional employer organization ("PEO") business of Outsource International, Inc. ("Outsource") which had operated under the tradename "Synadyne". The assets were acquired through one of TeamStaff's wholly-owned subsidiaries, of which Outsource had indirectly held a 20% ownership interest. The 20% ownership interest was subsequently purchased by TeamStaff. The transaction was effective as of August 8, 2000.

TeamStaff acquired the tradename "Synadyne" as part of the transaction, as well as all of the customer contracts of the PEO business.

Under the terms of the Asset Purchase Agreement, TeamStaff paid an aggregate purchase price of \$3,500,000. The agreement also provides for an additional potential payment in one year of up to \$1,250,000 provided that the former clients of Outsource have at least 9,500 worksite employees as of March 31, 2001. In the event there are less than 9,500 employees, the amount of the earnout will be reduced by a pre-determined formula.

Based upon pre-acquisition figures provided by Outsource, management believes that the combined businesses will have over 20,000 worksite employees, an increase from 11,000 pre-acquisition employees of TeamStaff. Management further believes that the post-acquisition TeamStaff will have annualized revenues of over \$500 million, ranking it as one of the top ten PEOs nationwide. PEOs provide outsourcing of human resource, payroll, benefits, and workers' compensation protection to small and medium sized businesses.

Pursuant to the terms of the Asset Purchase Agreement, Outsource, subject an initial "basket" of \$50,000, has agreed to indemnify TeamStaff up to the purchase price for claims for breaches of representations and warranties.

In connection with the acquisition, TeamStaff received an increase in its present lending facility with FINOVA Capital Corporation in order to fund the acquisition and necessary working capital. The facility is comprised of (i) a three year term loan in the principal amount of \$4,000,000, with a five year amortization and a balloon payment at the end of three years and (ii) an increase in the revolving line of credit from \$2.5 million to \$3.5 million. The term loan bears an interest rate of prime plus 3 percent and the revolving loan bears an interest rate of prime plus 1 percent. The term loan may be prepaid at any time without penalty. Annual success fees of \$500,000 are earned as of each anniversary date of the loan commencing as of April 2000.

## ITEM 5. OTHER EVENTS

TeamStaff held its Annual Meeting of shareholders on April 13, 2000. As of the record date of March 7, 2000, there were 27,932,513 shares outstanding and eligible to vote at the Annual Meeting. At the Annual Meeting shareholders approved the following actions:

## 1. Election Of Directors.

Shareholders were requested to vote on the election of two Class 3 directors

Nominee Name	Votes Against	Votes in Favor	% in Favor
Kirk Scoggins	145,339	25,554,907	99%
Martin J. Delaney	153,939	25,546,307	99%

## 2. Adoption of 2000 Employee Stock Option Plan

Shareholders were requested to approve adoption of the 2000 Employees Stock Option Plan to provide for the grant of options to purchase up to 6,000,000 shares of the Corporation's common stock.

Votes Cast in Favor	% In Favor (of shares voted)	Votes Against	Votes Abstaining
15,307,440	89%	1,749,275	460,406

## 3. Adoption of 200 Non-Executive Director Stock Option Plan.

Shareholders were requested to approve adoption of the 2000 Non-Executive Director Stock Option Plan to provide for the issuance of options to purchase Common Stock to non-employee directors.

Votes Cast in Favor	% in Favor (of shares voted)	Votes Against	Votes Abstaining
15,420,070	90%	1,707,012	390,039

## 4. Reverse Stock Split

Shareholders were requested to approve a proposal to grant the Board of Directors the authority to amend the Articles of Incorporation of the Corporation to effect a reverse stock split of the Corporation's Common Stock in the range of from 1:3 to 1:3.5 of the Corporation's common

stock, \$.001 par value per share.

Votes Cast in Favor	% in Favor (of shares voted)	Votes Against	Votes Abstaining
23,937,603	93%	1,637,431	125.212

The Board of Directors originally approved the reverse split, along with the other proposals, on January 20, 2000, for submission to the Shareholders at the Annual Meeting held on April 13, 2000. The March 8, 2000 proxy statement for the Annual Meeting cited two principal reasons for the reverse split: increasing the stock price to make the Company's common stock a more attractive investment and qualifying for the Nasdaq National Market System. At the time of the proxy statement, management of the Company believed that, with the completion of certain contemplated restructurings, the Company would meet all of the initial listing criteria of the Nasdaq National Market System, provided the reverse split caused the Common Stock to trade above \$5.00, as required for initial listing.

After the March 8, 2000 proxy statement was mailed, the Company became aware of an opportunity to purchase the professional employer organization business of Outsource International, Inc.. The Company was advised that Outsource had immediate cash needs and accordingly the Company believed it could negotiate a favorable purchase price provided it was able to close the transaction on an expedited basis and pay the purchase price in cash. Under the terms of the letter of intent for the transaction, Outsource required that the transaction be closed on or about March 31, 2000, subsequently extended to April 10, 2000. On April 10, 2000, three days prior to the Shareholders meeting and after most of the Company's Shareholders had returned their proxies, the Company announced the completion of the acquisition of the assets of Synadyne. The purchase price of \$3,500,000 was paid in cash which was funded by an increase in the Company's lending facilities.

The Company believes the acquisition of the Synadyne assets will significantly enhance the Company's financial performance in the future; however, the acquisition resulted in an increase in intangible assets which currently prevents the Company from complying with the net tangible assets listing requirements of the Nasdaq National Market System. Among other criteria, companies such as TeamStaff applying for listing on the National Market System which have a market capitalization of less than \$75,000,000 (or revenues and total assets of less than \$75,00,000) are required to have net tangible assets of at least \$6,000,000. Even taking into consideration certain planned restructurings, the Company's net tangible assets may not equal or exceed \$6,000,000. Although the Board of Directors still believes the reverse split is in the best interests of the Company and strongly urges its adoption, the Board has decided to resubmit the proposal to the Shareholders so that Shareholders will be able to make an informed decision based on current information. The Board has determined that the 1:3.5 ratio is appropriate for the split and therefore has not requested authority for a range for the split. The Company anticipates holding a Special Meeting of

Shareholders in May, 2000.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL STATEMENTS AND EXHIBITS.

(a)(b) Financial Statements of Businesses Acquired and Pro Forma Financial Information

The financial statements of the Synadyne division of Outsource International, Inc. and the pro forma financial information required in accordance with Form 8K will be filed within 60 days of the filing of this Form 8K.

(c) Exhibits. The exhibits designated with an asterisk (\*) are filed herewith. All other exhibits have been previously filed with the Commission and, pursuant to 17 C.F.R. Secs. 201.24 and 240.12b-32, are incorporated by reference to the document referenced in brackets following the descriptions of such exhibits.

- 3.1\* Form of Asset Purchase Agreement dated as of April 7, 2000 by and between TeamStaff Inc., Teamstaf V, Inc., Outsource International, Inc. and Synadyne I, Inc., Synadyne II, Inc., Synadyne III, Inc., Synadyne IV, Inc., Synadyne V, Inc., Guardian Employer East LLC and Guardian Employer West LLC.
- 10.1\* First Amendment to the Amended and Restated Schedule to the Amended and Restated Loan and Security Agreement among TeamStaff, Inc. and its Subsidiaries as Co-Borrowers and FINOVA Capital Corporation dated April 7, 2000.
- 10.2\* Second Amended and Restated Secured Promissory Note A dated April 7, 2000 in the principal amount of \$1,541,659 payable to FINOVA Capital Corporation.
- 10.3\* Amended and Restated Secured Promissory Note B dated April 7, 2000 in the principal amount of \$1,899,996 payable to FINOVA Capital Corporation.
- 10.4\* Secured Promissory Note C dated April 7, 2000 in the principal amount of \$4,000,000 payable to FINOVA Capital Corporation.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 19, 2000

TEAMSTAFF, INC.  
(Registrant)

By: DONALD T. KELLY  
-----  
Donald T. Kelly  
Chief Financial Officer

## EXHIBIT INDEX

Exhibit No.	Description
3.1*	Form of Asset Purchase Agreement dated as of April 7, 2000 by and between TeamStaff Inc., Teamstaf V, Inc., Outsource International, Inc. and Synadyne I, Inc., Synadyne II, Inc., Synadyne III, Inc., Synadyne IV, Inc., Synadyne V, Inc., Guardian Employer East LLC and Guardian Employer West LLC.
10.1*	First Amendment to the Amended and Restated Schedule to the Amended and Restated Loan and Security Agreement among TeamStaff, Inc. and its Subsidiaries as Co-Borrowers and FINOVA Capital Corporation dated April 7, 2000.
10.2*	Second Amended and Restated Secured Promissory Note A dated April 7, 2000 in the principal amount of \$1,541,659 payable to FINOVA Capital Corporation.
10.3*	Amended and Restated Secured Promissory Note B dated April 7, 2000 in the principal amount of \$1,899,996 payable to FINOVA Capital Corporation.
10.4*	Secured Promissory Note C dated April 7, 2000 in the principal amount of \$4,000,000 payable to FINOVA Capital Corporation.

- - - - -  
\* Filed Herewith.

## ASSET PURCHASE AGREEMENT

by and between

TEAMSTAFF, INC.,

TEAMSTAFF V, INC.

and

OUTSOURCE INTERNATIONAL, INC.

and

SYNADYNE I, INC., SYNADYNE II, INC., SYNADYNE III, INC.,

SYNADYNE IV, INC., SYNADYNE V, INC.,

GUARDIAN EMPLOYER EAST LLC AND

GUARDIAN EMPLOYER WEST LLC



## EXHIBITS AND SCHEDULES

## EXHIBITS

Exhibit A	Bill of Sale, Assignment and Assumption Agreement
Exhibit B	Sellers' Audited Operational Financial Statements for the fiscal years ended December 31, 1997 and December 31, 1998 and Unaudited Operational Statements of Income for 12 months ended December 31, 1999
Exhibit C	List of States where the Sellers conduct business
Exhibit D	Form of Non Solicitation Agreement
Exhibit E	Synadyne Retention/Severance Policy
Exhibit F	Non-Disturbance Agreement of Fleet Bank
Exhibit G	Shared Services Agreement
Exhibit H	Client Services Agreement
Exhibit I	Sub Lease for Delray Beach Premises
Exhibit J	Sub Lease for Deerfield Beach Premises

## SCHEDULES

Number	Title
2.1(a)	Accounts
2.1(c)	Fixed Assets
2.2(a)	Customer Deposits
2.3	Accounts Receivable
2.4(b)	Assumed Liabilities
2.5(A)	Assignable Listed Investments
2.5(B)	NonAssignable Listed Instruments
5.1(a)	Other Names
5.7	Listed Instruments/Accounts Contracts
5.8	Exceptions to Claims/Litigation
5.9	Insurance Policies
5.11	Employee Benefit Plan
5.12	Liens
5.13	Current Accounts
5.14	Competitive Interests
5.15	Liens/Material Changes

## ASSET PURCHASE AGREEMENT

AGREEMENT made as of the 7th day of April, 2000 by and between TEAMSTAFF V, INC., a Florida corporation, maintaining a place of business at 1211 N. Westshore Blvd., Tampa, Florida; TEAMSTAFF, INC., a New Jersey corporation, with offices located at 300 Atrium Drive, Somerset, New Jersey 08873 ("TeamStaff"); OUTSOURCE INTERNATIONAL, INC., a Florida corporation maintaining its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 (hereinafter referred to as "OII") and Synadyne I, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Synadyne I"), Synadyne II, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Synadyne II"), Synadyne III, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Synadyne III"), Synadyne IV, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Synadyne IV"), Synadyne V, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Synadyne V"), Guardian Employer East LLC, a Delaware limited liability corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Guardian East") and Guardian Employer West LLC, a Delaware limited liability corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 ("Guardian West").

## W I T N E S S E T H :

WHEREAS, TeamStaff is engaged in the business of providing professional employee related services; and

WHEREAS, the Sellers are engaged in the business of operating a professional employer business in the states set forth in Exhibit C annexed hereto; and

WHEREAS, TeamStaff is the legal and beneficial owner of 80% of the outstanding shares of Purchaser and ADCT, Inc., a wholly owned subsidiary of OII, is the legal and beneficial owner of 20% of the outstanding shares of Purchaser; and

WHEREAS, Purchaser and Sellers are affiliates of each other; and

WHEREAS, Purchaser is desirous of acquiring from Sellers certain of the assets of the Sellers used in connection with Sellers' professional employer organization business ("PEO") subject to the terms and conditions of this Agreement; and

WHEREAS, Sellers are desirous of selling these assets to Purchaser subject to the terms of this Agreement:

NOW, THEREFORE, in consideration of the premises, and of the mutual covenants and agreements contained herein, the parties agree as follows:

SECTION ONE: DEFINITIONS

The following definitions have the indicated meanings for the purposes of this Agreement:

AAA: American Arbitration Association.

Account: Each party to whom Sellers have provided PEO services since the dates of Sellers' incorporation and the right to do business with such party.

Accounts Receivable: All accounts receivable of the Sellers outstanding on the Effective Date and as set forth on Schedule 2.3.

Acquired Assets: The property of Sellers' PEO business described in Section Two hereof, which is being sold to Purchaser pursuant to the terms of this Agreement.

Assumed Liabilities: Those liabilities of Sellers to be assumed by Purchaser and as set forth on Schedule 2.4(b).

Closing Date: April 7, 2000 or such other date as may be agreed upon by the parties in writing.

COBRA: Consolidated Omnibus Budget Reconciliation Act of 1985.

Code: The Internal Revenue Code of 1986, as amended.

Current Accounts: Each PEO client of Sellers who is receiving PEO services, including payroll, from Sellers as of the Effective Date.

Earnout Payment: The payments, if any, of up to a maximum of \$1,250,000 payable by Purchaser to OII pursuant to Section 3.2 hereof.

Effective Date: April 8, 2000 at 12:01 a.m. or such other time as may be agreed upon by the parties.

Employee Benefit Plan: An Employee Welfare Benefit Plan, an Employee Pension Benefit Plan, a Multi-Employer Plan and any other plan, program or arrangement providing retirement, deferred compensation, severance pay, bonuses, stock options, stock purchase or any other form of retirement or deferred benefit, sponsored or maintained by an employer.

Employee Pension Benefit Plan: Any plan, fund or program sponsored by an employer or an employee organization which provides retirement income to employees for periods extending to the termination of employment or beyond as described in Section 3(2) of ERISA.

Employee Welfare Benefit Plan: Any plan, fund or program sponsored by an employer or an employee organization which provides to its employees certain benefits listed under Section 3(1) of ERISA.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

Financial Statements: The audited operational financial statements of Sellers for the fiscal years ended December 31, 1997 and December 31, 1998 and the unaudited operational statements of income for the 12 months ended December 31, 1999.

Intellectual Property: (a) All trademarks, service marks, logos, tradenames and corporate names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith and all applications, registrations and renewals in connection therewith; (b) all copyrights and applications, registrations and renewals in connection therewith; (c) all trade secrets and confidential business information; and (d) all other proprietary rights.

GAAP: Generally Accepted Accounting Principles.

Knowledge: Means actual knowledge.

Liabilities: Sellers' liabilities, debts and obligations of any kind or nature whether accrued, absolute, contingent or unliquidated, known or unknown, and whether due or to become due including any liability under any Employee Benefit Plan or Multi-Employer Plan.

Listed Instruments: The agreements, contracts and instruments with the Current Accounts set forth in Schedule 5.7.

Material: Shall mean any claim, loss event, fact or circumstance which individually would result in damages, or might result in damages of \$15,000 individually and \$25,000 in the aggregate.

Material Adverse Effect: Any event, circumstance change or effect that is, or could reasonably be expected to be, materially adverse to the condition (financial or otherwise) of the Acquired Assets.

Modular Furniture: All office furniture and cubicles used by Sellers in the operation of their PEO business.

Multi-Employer Plan: A plan to which more than one (1) employer is required to contribute and which is maintained pursuant to one (1) or more collective bargaining agreements

between one (1) or more unions and more than one (1) employer as described in Section 3(37) of ERISA.

Non-Solicitation Agreements: The agreements between TeamStaff, Purchaser and the persons whose names appear in Section 7(a)(viii) hereof, substantially in the form of Exhibit D annexed hereto.

OII: Outsource International, Inc., a Florida corporation and the sole shareholder of Sellers.

Permits: All licenses, permits, exemptions, business certificates, orders and approvals from any federal, state, local and foreign governmental or regulatory agency or body.

Purchase Price: The sum of \$3,500,000 payable in accordance with Section Three hereof.

Purchaser: TeamStaff V, Inc., a subsidiary of TeamStaff and any affiliate or related party of TeamStaff or TeamStaff V, Inc. to which any of the Acquired Assets or Listed Instruments are transferred or conveyed.

Purchaser's Legal Counsel: Goldstein & DiGioia, LLP.

Section: Sections of this Agreement.

Sellers: Synadyne I, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442, Synadyne II, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442, Synadyne III, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442, Synadyne IV, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 Synadyne V, Inc., a Florida corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442, Guardian Employer East LLC, a Delaware limited liability corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442 and Guardian Employer West LLC, a Delaware limited liability corporation with its principal place of business at 1144 East Newport Center Drive, Deerfield Beach, FL 33442.

Sellers' Legal Counsel: Akerman, Senterfitt & Eidson, P.A.

TeamStaff: TeamStaff, Inc., a New Jersey corporation and the owner of 80% of the capital stock of Purchaser.

## SECTION TWO: SALE AND PURCHASE OF ASSETS

## 2.1 SALE AND PURCHASE OF ASSETS

Each of the Sellers hereby sells, transfers, assigns and delivers to Purchaser and Purchaser hereby purchases, acquires and accepts from Sellers, free and clear of all liens and encumbrances, as of the Effective Date all of Sellers' right, title and interest in and to the assets of Sellers set forth below:

(a) All Accounts of the Sellers' PEO business listed on Schedule 2.1(a) hereof (including the right to do business with such Accounts and all contracts related to such Accounts) including all Current Accounts and customer lists, files, historical information, and fee schedules relating to such Accounts and Current Accounts;

(b) The tradename "Synadyne" and all uses thereof including, without limitation, the Internet domain name Synadyne.com;

(c) Certain desktop computers not subject to operating or capital leases specifically listed in Schedule 2.1(c) and used in the daily conduct of Sellers' PEO business operations; and

(d) Sellers' catalogs, brochures, marketing, advertising and public relations materials; provided, however, Purchaser shall acquire only the Intellectual Property rights which OII or Sellers may have in connection with such catalogs, brochures, marketing, advertising and public relations materials ("Marketing Materials"). (collectively the "Acquired Assets").

## 2.2 CUSTOMER DEPOSITS

Schedule 2.2(a) sets forth the name of each Current Account with the amount of customer deposit being held by Sellers and/or OII with respect to such Current Accounts. Sellers shall deliver all customer deposits relating to the Current Accounts constituting part of the Acquired Assets to Purchaser. Delivery of such customer deposits shall be made by offset of the total gross amount of such deposits against the Purchase Price. Within 10 days of the Closing Date, the

Purchaser shall deliver to each Current Account listed on Schedule 2.2(a) a letter, in form and substance satisfactory to the Sellers, advising such Current Account that: (i) the Purchaser has acquired the PEO business of Sellers and that customer deposits have been transferred to the Purchaser in connection therewith; and (ii) neither OII nor the Sellers have any liability to the Current Account with respect to such deposits. If any Current Account is terminated by TeamStaff in the first 90 days after Closing, and such Current Account has a deposit remaining after TeamStaff or Purchaser has satisfied their accounts receivable due from such Current Account, and Sellers or OII have an outstanding Accounts Receivable with respect to such Current Account, then the remaining balance of such customer deposit shall immediately be returned to OII.

### 2.3 ACCOUNTS RECEIVABLES

(a) Within five (5) days of the Closing, Sellers shall deliver Schedule 2.3 to Purchaser which shall set forth the name of each Current Account and the amount of any Account Receivable owed by the Current Account to the Sellers as of the Effective Date. All outstanding Accounts Receivable owed to Sellers by any Accounts as of the Effective Date shall remain the property of the Sellers.

(b) Following the Closing Date, the Sellers and the Purchaser shall assist each other in good faith to collect all Accounts Receivable. Each of the parties hereto acknowledge and understand that pursuant to the terms of the Shared Services Agreement, personnel of the Sellers and OII shall be providing services to Purchaser with respect to the Accounts Receivable. Mary O'Brien, an employee of Sellers, shall devote 50% of her time to assist Purchaser after the Closing Date with respect to client services, including collection of Accounts Receivable. Purchaser, pursuant to the Shared Services Agreement, shall pay 50% of Ms. O'Brien's compensation. Each of the Purchaser, OII and the Sellers agree that OII and Sellers, will, with respect to Sellers' Accounts Receivable set forth in Schedule 2.3 perform all collection efforts with respect to Sellers' Accounts Receivable. The Sellers, OII, Purchaser and TeamStaff shall include in all mailings to Accounts a notice instructing the Current Account to specify the invoice being paid by the Current Account. If a payment is received by OII, Sellers, Purchaser or TeamStaff, and the payment does not explicitly state the invoice being paid, then the payment shall be applied to an invoice only upon notification in writing from the Current Account which has remitted the payment, indicating

to which invoice of the Current Account the payment should be credited. Any such notification shall be documented in the "client notes section" of the "Masterpack Systems".

#### 2.4 EXCLUDED ASSETS AND ASSUMED LIABILITIES

(a) Expressly excluded from the Acquired Assets are any assets of Sellers not expressly listed in Section 2.1.

(b) Neither Purchaser nor TeamStaff will assume nor be liable for any Liabilities of OII or the Sellers other than those Liabilities listed in Schedule 2.4(b) hereof, which list also includes the name and a description of each Employee Benefit Plan of the Sellers being assumed by Purchaser (the "Assumed Liabilities"). Without limiting the foregoing, in no event shall TeamStaff or Purchaser be liable for employee compensation, including any residual liability arising from any insurance policies which provide coverage for any of Sellers' clients or worksite employees for any coverage period prior to the Effective Date, severance benefits and other remuneration up to the date of payroll or related taxes, or social security payments, payable by OII or Sellers up to the Effective Date, and OII and the Sellers shall indemnify and hold TeamStaff and the Purchaser harmless from any and all such liability. Notwithstanding anything herein to the contrary, for payroll periods beginning prior to the Effective Date and ending after the Effective Date, Teamstaff or Purchaser will be liable for all employee payroll due with regard to such period.

#### 2.5 LIST OF ACCOUNTS

Schedule 2.5(A) sets forth those Listed Instruments which are assignable to an affiliate of the Sellers or OII without the consent of the other party or parties thereto. This Agreement shall serve as an assignment and transfer of all rights and obligations of the Sellers (but excluding all Liabilities existing prior to the Effective Date) under all of the Listed Instruments set forth on Schedule 2.5(A). Schedule 2.5(B) sets forth those Listed Instruments which are nonassignable without the consent of the other party or parties thereto. Neither Sellers nor OII make any representation or warranty with respect to the assignability of any Listed Instrument or the validity of the assignment contemplated hereunder. Neither Sellers nor OII shall be liable to Purchaser



for any claims, losses, damages, costs or expenses arising out of the nonassignability of any Listed Instruments.

## 2.6 ACCESS TO RECORDS

Purchaser shall maintain, for a period of one year following the Closing Date, in good order all records, files and other historical information related to the Acquired Assets and Assumed Liabilities transferred to Purchaser pursuant to this Agreement (the "Records") and upon reasonable request, provide copies of such Records and reasonable assistance to Sellers at Sellers' expense and grant Sellers and OII access to such Records during normal business hours.

## 2.7 EMPLOYEES OF SELLERS

(a) As of the Effective Date, Purchaser intends to offer employment to all employees of Sellers (the "Employees"), other than Robert Lefcort, Raymond Dile, John Leavitt and David Andersen on an at-will basis. Sellers shall cooperate in good faith with Purchaser to solicit the Employees to agree to be employed by Purchaser. In the event that Purchaser terminates any Employee within 30 days of the Closing Date, OII shall pay severance to the first 15 persons so terminated in accordance with Sellers' severance policies attached as Exhibit E annexed hereto. Teamstaff shall provide the same severance and outplacement services to all other Employees who are terminated by Purchaser within such 30 day period. Purchaser shall process and pay all such severance payments payable by OII under this Section 2.7, which payments will be prepaid in advance by OII.

(b) Sellers will retain employment of Ms. Mary O'Brien after the Effective Date for a period of 90 days. Neither Teamstaff nor Purchaser shall solicit Ms. O'Brien for employment during such 90 day period. During the period of the Shared Services Agreement, or such shorter term as determined by Purchaser, Ms. O'Brien will devote 50% of her time with representatives of Purchaser providing training to such persons regarding the collection of the Purchaser's accounts receivable. In the event that neither Teamstaff nor Purchaser offer employment to Ms. O'Brien upon termination of the 90 day period, then OII and Sellers shall bear all responsibility for any severance payments to Ms. O'Brien. In the event that Teamstaff or Purchaser employs Ms. O'Brien within 30 days following the end of the 90 day period, Teamstaff and Purchaser shall reimburse Sellers or OII for any severance payments made to Ms. O'Brien

(c) Sellers shall remain liable and bear all responsibility for all obligations or payments due to employees for all unused or accrued vacation, personal or sick time and earned but unpaid commissions for all time periods prior to the Effective Date.

### SECTION THREE: PURCHASE PRICE; EARNOUT PAYMENT

#### 3.1 PURCHASE PRICE

Subject to the terms and conditions of this Agreement, on the Closing Date Purchaser shall pay OII in consideration of and in full payment for the sale, transfer and assignment of the Acquired Assets and assumption of the Assumed Liabilities, the sum of \$3,500,000 in cash (the "Purchase Price") by wire transfer of immediately available funds.

#### 3.2 EARNOUT PAYMENT

(a) Purchaser or TeamStaff shall pay to OII an additional payment of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) (the "Earnout Payment"), by wire transfer of immediately available funds, payable on April 30, 2001, subject to the following conditions:

(i) On October 15, 2000, Purchaser shall provide to OII a written report that lists the Current Accounts (who are listed on the Final Current Accounts List (as defined below) (for purposes of this Section 3.2 referred to as "Synadyne Customers") who are customers of Purchaser as of September 30, 2000, and the number of employees subject to a contract with Purchaser at any Synadyne Customer as of September 30, 2000 (the "September 30, 2000 Employees"). On April 15, 2001, Purchaser shall provide to OII a written report that lists the Synadyne Customers, and the number of employees subject to a contract with Purchaser and being paid a salary at a Synadyne Customer as of March 31, 2001 (the "March 31, 2001 Employees"). For purposes of calculating the number of September 30, 2000 Employees and March 31, 2001 Employees, all Allstate agent accounts, whether independent or not at the time of this Agreement, shall constitute one Synadyne Customer. For purposes of calculating the number of September 30, 2000 Employees and March 31, 2001 Employees, all employees subject to a contract with Purchaser and being paid a salary at an Allstate agent office shall be included. It is understood that the total number of employees in the Allstate Account on September 30, 2000 or March 31, 2001 will not exceed the number of employees in the Allstate Account as of the Closing Date.

(ii) If the aggregate number of March 31, 2001 Employees is less than 9500, the following calculations shall determine the amount of the Earnout Payment that Purchaser shall pay to OII on April 30, 2001: (A) subtract the number of March 31, 2001 Employees from 9500 (the "March 31, 2001 Amount"); (B) multiply the March 31, 2001 Difference by \$500.00 (the "Reduction Amount"); (C) subtract the Reduction Amount from \$1,250,000 (the "Subtotal"); (D) subtract the number of March 31, 2001 Employees from the number of September 30, 2000 Employees, and, (x) if the difference is a number more than zero, multiply the difference by \$187.50 (the "Credit Amount") or (y) if the difference between the number of March 31, 2001 Employees and the number of September 30, 2000 Employees is less than zero, the Credit Amount shall be zero; and (E) add the Credit Amount to the Subtotal (the "Earn-out Amount"). Purchaser shall pay the Earn-out Amount to OII on or before April 30, 2001. By way of example, if the aggregate number of March 31, 2001 Employees is 9300, the March 31, 2001 Amount would be 200, and the Reduction Amount would be \$100,000 (200 times \$500), and the Subtotal would be \$1,150,000. Assume also that on September 30, 2000 there were 9400 employees. As a result, the Credit Amount would be 100 (9400-9300) times \$187.50, or \$18,750. The Earn-out Amount to be paid to OII would be \$1,168,750 (\$1,150,000 + \$18,750).

(iii) If the aggregate number of March 31, 2001 Employees is 9500 or greater, Purchaser shall pay to OII on April 30, 2001 the sum of \$1,250,000.

(iv) After receipt of the reports from Purchaser on October 15, 2000 and April 15, 2001, respectively, OII shall have the right for 90 days thereafter to inspect the records of Purchaser for the purpose of verifying the number of employees and Synadyne Customers stated in the reports.

### 3.3 ESCROW OF FUNDS FOR PAYMENT OF UNEMPLOYMENT TAXES.

Immediately at Closing, OII and the Sellers shall place into escrow with OII's counsel an aggregate of \$192,000 which shall be held by such counsel until such date as payment of state unemployment taxes ("SUTA") are due on April 30, 2000. OII's counsel shall agree in writing not to release such funds except to pay such SUTA taxes. Any remaining funds will be transferred to OII immediately thereafter

## SECTION FOUR: CLOSING

## 4.1 CLOSING

The closing of the purchase and sale of the Acquired Assets provided herein and the assumption of the Assumed Liabilities (the "Closing") will be held at or before April 7, 2000, or at such other place, day and time as Seller and Purchaser may mutually agree. The date of the Closing is herein referred to as the "Closing Date."

## 4.2 TERMINATION

Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time after the date of this Agreement but not later than the Closing:

(a) by the mutual consent of Sellers and Purchaser; or

(b) by either party any time after April 7, 2000 if, by that date, the Closing has not taken place; provided, however, no party to this agreement shall have the right to terminate if the Closing shall not have occurred by April 7, 2000 as a result of their respective actions or inactions; or

(c) by Purchaser if any condition provided in Section 7(a) hereof has not been satisfied or waived on or before the Closing Date; or

(d) by the Sellers or OII if any condition provided in Section 7(b) hereof has not been satisfied or waived on or before the Closing Date.

## 4.3 EFFECTIVE DATE

Except as otherwise set forth herein, the transactions contemplated hereby shall be deemed to have been effected as of April 8, 2000, at 12:01 a.m. or such other time and place as the parties may mutually agree.

## SECTION FIVE: REPRESENTATIONS AND WARRANTIES OF SELLERS

Each of the Sellers and OII, jointly and severally, hereby makes the representations and warranties contained in this Section Five to Purchaser and TeamStaff for the purpose of inducing Purchaser and TeamStaff to enter into and consummate this Agreement.

## 5.1 ORGANIZATION AND BUSINESS OPERATION

Each Seller is a corporation or limited liability company, as the case may be, duly organized, validly existing and in good standing under the laws of the state of its formation with full corporate authority to own, lease and/or operate the Acquired Assets. Each Seller is, and has been at all times material to the transactions contemplated by this Agreement, qualified or licensed to do business as a PEO in all jurisdictions where the conduct of its PEO business or the ownership of the Acquired Assets requires it to be so qualified or licensed. Except as disclosed on Schedule 5.1(a), Sellers have only transacted business under its respective corporate name or the tradename Synadyne and has not transacted business under any other assumed or fictitious name.

## 5.2 AUTHORITY: NO CONFLICTING INSTRUMENTS

Each Seller and OII has full corporate power and authority to enter into and consummate this Agreement and the other agreements contemplated by this Agreement. All corporate action on behalf of Sellers and OII necessary to authorize the execution and delivery of this Agreement, and the consummation and performance by OII and Sellers of the transactions contemplated by this Agreement, have been taken; and this Agreement constitutes a valid and binding obligation of Sellers and OII, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether enforcement is at equity or at law). The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, (A) will not violate or conflict with (i) any term or provision of OII's or each Seller's Articles of Incorporation or By-Laws, or Certificate of Formation, as the case may be; (ii) any law, regulation or order of the United States or any state or any agency or political subdivision thereof, (iii) any decree or order of any court or other governmental entity, and (B)

will not result in a violation or breach of, or constitute a default under, or permit acceleration of, or give any other party the right to terminate, any material permit or agreement to which Sellers or OII are a party and to which any of the Acquired Assets are subject other than the Listed Instruments and those agreements and policies set forth on Schedule 5.2.

### 5.3 FINANCIAL STATEMENTS

The audited Financial Statements of Sellers for the fiscal years year ended December 31, 1997 and December 31, 1998 have been delivered to Purchaser by Sellers and are accurate and complete in all material respects and prepared by Sellers in accordance with GAAP consistently applied from year to year. The unaudited operational statements of income for the 12 months ended December 31, 1999 have been prepared by the Sellers and OII and are accurate and complete in all material respects and prepared by Sellers in accordance with GAAP.

### 5.4 TAX RETURNS

Seller has filed with the appropriate federal, state, local and foreign authorities all payroll tax returns required by law, regulation, or otherwise to be filed by it for all taxable periods ending on or prior to the Effective Date for which returns have become due. Sellers have paid all payroll taxes, penalties and interest which were due and payable or may become due for or during all taxable periods ending on or prior to the date hereof including all employee withholding taxes and employee benefits of any kind or nature (regardless of the amount shown due on any tax return). Except as set forth on Schedule 5.4, none of Sellers' payroll tax returns, to Sellers' Knowledge, have ever been audited by the IRS or any state agency. No Seller has executed and filed with the IRS or any other taxing authority any agreement extending the period for assessment or collection of any payroll taxes for which it may be directly or indirectly liable. Except as set forth on Schedule 5.4, no Seller is a party to any pending action, proceeding or audit by any governmental authority for assessment or collection of payroll taxes for which it may be directly or indirectly liable, and no claim for assessment or collection of payroll taxes for which it may be directly or indirectly liable has been asserted or to Seller's Knowledge threatened against it. Sellers have delivered to TeamStaff a true and correct copy of each federal and state payroll tax return filed by Sellers since January 1, 1998.

## 5.5 WARRANTIES

There are no claims or notices, written or oral, and Sellers have no Knowledge that any service rendered by Sellers to any Current Account breached any representation or warranty, express or implied, made by Sellers; failed to meet any specification with respect to such service which was furnished by Seller; or was otherwise improper or grossly negligently provided, except where any such breach, failure or negligence would not have a Material Adverse Effect.

## 5.6 PERMITS; COMPLIANCE WITH LAW

(a) Sellers have maintained all PEO Permits in connection with the operation of its PEO business in such jurisdiction where such PEO Permits may be required and where the Acquired Assets may be located, except where the failure to maintain would not have a Material Adverse Effect on the Acquired Assets. Each Seller is in material compliance with all federal, state, local and foreign laws, ordinances, codes, regulations, orders, requirements, standards and procedures which are applicable to its business including all minimum wage, fair employment, disability benefit, health and all other employee related laws.

(b) Except as set forth on Schedule 5.6(b), no Seller has, since its incorporation or formation, as the case may be, entered into a Memorandum of Understanding, Consent Decree or similar instrument with any governmental agency or has been the subject of any investigation or legal proceeding, involving or affecting the Acquired Assets which had or could have a Material Adverse Effect.

(c) No Seller, nor to its Knowledge after reasonable investigation, any of its respective officers, directors, employees or agents, on behalf of or for the benefit of each Seller, directly or indirectly, have: (i) offered or paid any amount to, or made any financial arrangement with, any of the Current Accounts in order to promote business from such Current Accounts, other than standard pricing or discount arrangements consistent with proper business practices; (ii) given, or agreed to give, or is aware that there has been made, or that there is an agreement to make, any gift or gratuitous payment of any kind, nature or description (whether in money, property or services) to any Current Account or supplier, source of financing, landlord, sub-tenant, licensee or anyone else; or (iii) made, or has agreed to make, any payments to any person with the intention or understanding that any part of such payment was to be used directly or indirectly for

the benefit of any Current Account or employee, supplier or landlord of such Seller, or for any purpose other than that reflected in the documents supporting the payments.

#### 5.7 CONTRACTS

(a) Schedule 5.7(a) sets forth all of the Listed Instruments relating to Current Accounts to be assigned to, the Purchaser in accordance with this Agreement to which Seller is a party or by which Seller is or may be bound.

(b) A true and correct copy of each Listed Instrument has been furnished by Seller to Purchaser. Except as set forth in Schedule 5.7(b), Seller has not given or received notice, and Seller has no Knowledge, that there exists (i) any Material default or event of default under any Listed Instrument or (ii) any event or condition which, with notice or lapse of time or both, would constitute an event of default under any of the Listed Instruments by Seller or by any other party to any Listed Instrument, which could have a Material Adverse Effect on the Acquired Assets.

#### 5.8 CLAIMS AND LITIGATION

There are no actions, suits, claims (other than routine claims for employee benefits which are fully insured) or any legal, administrative or arbitration proceedings or investigations, of any kind or nature, pending, existing or, to the Knowledge of Sellers, threatened, relating to the Acquired Assets, and to Sellers' Knowledge there is no state of facts or the occurrence of any event which will form the basis of any such action, suit, claim, proceeding or investigation, except as set forth on Schedule 5.8. There are no outstanding orders, writs, injunctions or decrees of any court, governmental agency or arbitration tribunal relating to the Acquired Assets which would have a Material Adverse Effect on the Acquired Assets. There is no suit, action, investigation, claim or administrative proceeding which has been brought or, to Sellers' Knowledge, is threatened by any governmental entity or any third party which (i) questions the validity or legality of the purchase or sale of the Acquired Assets or this Agreement or (ii) seeks to enjoin the consummation of the transactions set forth in this Agreement.



## 5.9 INSURANCE

(a) Schedule 5.9 sets forth all policies and binders of workers' compensation and group health, dental and vision insurance policies held by Sellers, specifying the insurer and the policy number. Except for required deductibles, none of which are Material except those set forth on Schedule 5.9, all such insurance policies and binders, if any, are in such amounts, and to Seller's Knowledge after reasonable investigation, fully insure against any such claims, losses and risks listed on Schedule 5.8 and for which coverage is provided under such policies and such insurance policies are in full force and effect as of the Effective Date. Sellers are not in Material default with respect to any material provision contained in any such insurance policy and Sellers have not received notice of cancellation or non-renewal of any such policy of insurance.

(b) Each Seller has continuously maintained in effect since the commencement of its professional employer services business, without lapse or suspension, insurance policies which have provided its employees with workmen's compensation insurance or similar occupational accident coverage insurance. All Sellers' workers' compensation insurance policies in effect as of the Closing Date are set forth on Schedule 5.9.

(c) All claims of any kind or nature accrued or made by Seller's employees or others as of the Effective Date are fully insured under policies of workers compensation and employee related insurance (except for applicable deductibles) which have been maintained by Sellers as indicated in Schedule 5.9.

## 5.10 EMPLOYEES

Sellers have provided TeamStaff with a list of each of its regular or "in-house" employees together with such employee's current salary and the date such employee was first employed by Sellers.

## 5.11 EMPLOYEE BENEFIT PLANS

Schedule 5.11 lists each Employee Benefit Plan currently maintained or sponsored by Sellers. Neither Sellers nor any Affiliate (as defined below) has at any time established, maintained, sponsored or made any contributions to any Multi-Employer Plan. Each of the Employee Benefit Plans providing health benefits has at all times been operated in material

compliance with the health care continuation provisions of ERISA, the Code, COBRA and state health care continuation laws. All open claims filed by employees under any Employee Benefit Plan, which accrued prior to the Effective Date, are the responsibility and obligation of Seller, regardless of whether such claims are filed prior to or after the Effective Date. For purposes of this Section 5.11, the term "Affiliate" shall include all persons under common control with Seller within the meaning of Sections 4001(a)(14) or (b)(1) of ERISA or any regulation promulgated thereunder, or Sections 414(b), (c) or (m) of the Code, as amended, or any regulations promulgated thereunder.

Sellers and OII represent and warrant that all payments or contributions owed by them with respect to Employee Benefit Plans which were due on or prior to March 31, 2000 have been paid in full.

#### 5.12 ASSETS FREE AND CLEAR

Sellers own all of the Acquired Assets free and clear of all liens, security interests, encumbrances, equities, claims, agreements and obligations of any kind or nature, except as set forth on Schedule 5.12. On the Closing Date, Sellers and OII shall deliver the Acquired Assets free and clear of all liens, encumbrances, equities, claims, agreements and obligations of any kind or nature.

#### 5.13 STATUS OF CURRENT ACCOUNTS

Schedule 5.13 is a list of all of Sellers' Current Accounts. Within five (5) days after the Effective Date, Sellers shall furnish Purchaser with a list of all of Sellers Current Accounts as of the Effective Date (the "Final Current Account List"). Sellers have not received written or oral notice, of the intention on the part of any Current Account to terminate or curtail its business relationship with Sellers.

#### 5.14 COMPETITIVE INTERESTS

Other than as disclosed on Schedule 5.14 annexed hereto, to (a) Sellers' Knowledge after reasonable investigation, none of the officers or directors of Sellers or OII and (b) Sellers' Knowledge, none of the employees of Sellers or OII, are (i) directors, officers, partners,

consultants, agents or employees or own, directly or indirectly, or have any interest in any corporation, firm, association or other business entity or organization, (ii) are in the PEO business, or (iii) are a competitor, lessor, lessee, customer, supplier, sales representative or distributor of any Seller, or (iv) has an interest in any Leasehold, Permit, or any confidential information which any Seller is using or the use of which is necessary or desirable for the conduct of any Seller's business.

#### 5.15 ACTIONS OF SELLER

Since December 31, 1998 and except as disclosed to Purchaser in Schedule 5.15, Sellers have not (i) mortgaged, pledged or subjected to lien, charge, or any other encumbrance, any of the Acquired Assets, except for liens held by Fleet National Bank, as agent; (ii) waived any rights of value related to the Acquired Assets; (iii) entered into any material transaction with respect to the Acquired Assets; (iv) had any material adverse change in the condition, financial or otherwise, of the Acquired Assets, Assumed Liabilities, or Listed Instruments.

#### 5.16 RESTRICTIVE COVENANTS

Schedule 5.16 sets forth a list of officers, directors, founders, promoters or key employees of Sellers who are employed by OII's PEO business immediately preceding the Effective Date who are bound by a restrictive covenant or non-competition agreement.

#### 5.17 NO MISLEADING STATEMENTS

Neither this Agreement, nor the Financial Statements, nor any Schedule, instrument or certificate executed or delivered by or on behalf of Seller pursuant to this Agreement, or in connection with the consummation of the transactions contemplated herein, contains to Sellers' Knowledge, any untrue statement of a material fact.

#### 5.18 RIGHTS TO SYNADYNE NAME

The Sellers and/or OII have, to their Knowledge, all Intellectual Property rights in the tradename "Synadyne" and to their Knowledge, the use of such name does not infringe upon or

violate any Intellectual Property rights of any other person. Neither the Sellers nor OII have written notice of any claim of infringement in connection with their use of the Synadyne name. With respect to the Marketing Materials of the Sellers, neither Sellers nor OII make any representation or warranty as to the Intellectual Property rights they may have therein, other than with respect to the Synadyne name.

#### SECTION SIX: REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser and TeamStaff, jointly and severally, hereby represent and warrant to Sellers and OII for the purpose of inducing Sellers and OII to enter into and consummate this Agreement and the transactions contemplated herein that:

##### 6.1 PURCHASER'S ORGANIZATION AND STANDING.

Each of Purchaser and TeamStaff are duly organized, validly existing and in good standing under the laws of the state of their incorporation, with full corporate authority to conduct its business and to own and operate its assets and properties, as presently conducted. Each of TeamStaff and Purchaser is duly qualified to do business, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary, except where such failure to so qualify would not have a material adverse effect on its business.

##### 6.2 AUTHORITY; NO CONFLICTING INSTRUMENTS

Neither the execution and delivery of this Agreement by Purchaser or TeamStaff, nor the consummation of the transactions contemplated by this Agreement, shall violate any provision of the Certificate of Incorporation or By-Laws of either Purchaser or TeamStaff or violate, conflict with, result in a breach or termination of, constitute a default under, or accelerate the performance required by, any instrument to which either of them or by which either of their respective properties may be bound, or result in the creation of a material lien, charge or incumbrance on any of their respective assets or properties which would adversely affect the ability of either of them to consummate the transactions contemplated by this Agreement.

Neither TeamStaff nor Purchaser is in violation of their respective Certificates of Incorporation, By-laws or other governing documents, nor are either of them in default in the performance of any material obligation, agreement or condition contained in any license, material contract, indenture, mortgage, deed of trust, lease or loan agreement or in any bond, debenture, note or any other evidence of indebtedness to which it is a party or by which it is bound.

### 6.3 AUTHORITY FOR AGREEMENT

Each of Purchaser and TeamStaff has full corporate power and authority (other than approval by the Board of Directors of TeamStaff which approval must be obtained prior to Closing) to execute and deliver this Agreement and to perform and consummate the transactions contemplated by this Agreement. Other than approval by the Board of Directors of TeamStaff, which approval must be obtained prior to Closing, all corporate proceedings required to be taken by or on behalf of Purchaser and/or TeamStaff to authorize each of them to enter into and carry out this Agreement and to perform and consummate the transactions contemplated herein, have been duly and properly taken. This Agreement has been duly executed and delivered by each of Purchaser and TeamStaff and is valid and binding upon them in accordance with its terms, subject to applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity (regardless of whether enforcement is at equity or at law).

### 6.4 NO MISLEADING STATEMENTS

Neither this Agreement, nor any certificate, Schedule, instrument or other agreement delivered or executed by or on behalf of Purchaser or TeamStaff pursuant to this Agreement, or in connection with the consummation of the transactions contemplated herein, contains any untrue statement of a material fact.

### 6.5 LITIGATION

There is no claim, suit, action or proceeding pending or, to the best knowledge of TeamStaff or Purchaser, threatened against or affecting either TeamStaff or Purchaser or any of their respective subsidiaries which is likely to materially and adversely affect the business,

properties or financial condition of either of TeamStaff or Purchaser and their respective subsidiaries taken as a whole. There is no suit, action, investigation or claim of any kind or nature, brought or threatened by any governmental entity or any third party with respect to Purchaser or TeamStaff which questions the validity or legality of the purchase or sale of the Assets or this Agreement or seeks to enjoin the consummation of the transactions set forth in this Agreement.

#### 6.6 NO VIOLATION

Neither TeamStaff nor Purchaser is in violation of any law, ordinance, governmental rule or regulation or court decree to which it may be subject nor has either one of them failed to obtain any license, permit, franchise or other governmental authorization necessary to the ownership of its property or to the conduct of its business, which violation or failure to obtain is likely to have any Material Adverse Effect on the condition (financial or otherwise), properties, results of operations or net worth of either TeamStaff or Purchaser.

#### 6.7 CONSENTS

No consent, approval, authorization or order of, or filing or registration with, any court, governmental agency or body is required in connection with the execution, delivery and performance of this Agreement by either TeamStaff or Purchaser, except for a notice filing required by the State of Florida with respect to the transfer of 20% of the capital stock of Purchaser to ADCT, Inc.

#### SECTION SEVEN: CONDITIONS TO OBLIGATIONS OF PURCHASER

(a) The obligations of Purchaser and TeamStaff to consummate the transactions contemplated herein are subject to the satisfaction on the Closing Date of the following conditions by Sellers and the delivery by Sellers to Purchaser and TeamStaff of the indicated documents.

(i) Legal Opinion

A legal opinion from Sellers' Counsel, dated the Closing Date, in form and substance satisfactory to Purchaser.

## (ii) Certificate of Good Standing

A Certificate of Good Standing dated within ten (10) days prior to the Effective Date from the Secretary of State of the state of incorporation or formation as applicable certifying that each Seller has filed all required reports, paid all required fees and taxes, and is, as of such date in good standing and authorized to transact business as a domestic corporation.

## (iii) Bill of Sale, Assignment and Assumption Agreement

A Bill of Sale, Assignment and Assumption Agreement between Sellers and Purchaser in the form satisfactory to Purchaser; (a) conveying the Acquired Assets to Purchaser free and clear of all liens and encumbrances; and (b) assigning the Listed Instruments and the Assumed Liabilities set forth on Schedule 2.4(b) to Purchaser, to the extent permitted therein.

## (iv) Certificate of Secretary

A Certificate of the Secretary of the Sellers certifying that annexed thereto are a true and correct copy of the Sellers': (i) Articles of Incorporation as amended; (ii) By-Laws as amended; and (iii) resolutions of the Board of Directors and Shareholders of each Seller and OII authorizing and approving the execution and delivery of this Agreement and the transaction contemplated hereby.

(v) Financial Statements. The Agreement shall also be subject to receipt of the Financial Statements.

(vi) Shared Services Agreement. The parties shall have executed a Shared Services Agreement in form and substance satisfactory to TeamStaff and substantially in the form annexed hereto as Exhibit G.

(vii) Client Service Agreement. The parties shall have executed a Client Service Agreement in form and substance satisfactory to TeamStaff and substantially in the form annexed hereto as Exhibit H.

(viii) Sub Lease Agreements. The parties shall have executed a Sub-lease Agreement with respect to the premises located at 1690 South Congress Avenue, Delray Beach, Florida, and a Stub Period Lease with respect to the premises located at 1144 East Newport Center Drive, Deerfield Beach Florida, both in form and substance satisfactory to TeamStaff and substantially in the form of Exhibit I and J, respectively.

## (ix) Assignment of Employee Benefit Plans.

The Sellers' and TeamStaff shall have executed and delivered any and all such documents in order to effectuate the transfer of the Sellers' Employee Benefit Plans listed on Schedule 2.4(b) to Purchaser.

## (x) Receipt of Necessary Approvals and Consents.

TeamStaff and the Purchaser shall have received the approval of (A) any and all necessary governmental authorities (but not including governmental approval with respect to PEO licenses), (B) its Board of Directors and (C) and its lenders to the transactions contemplated hereby.

## (xi) Release of Liens.

TeamStaff and the Purchaser shall have received in form and substance satisfactory to them, evidence of release of all liens, security interests, and encumbrances with respect to the Acquired Assets.

## (xii) Consent Agreement from OII Lenders; Consent of Landlord to Sublease

TeamStaff and the Purchaser shall have received written evidence, (A) from Fleet National Bank consenting to the transactions contemplated herein and allowing Teamstaff's access to the systems of OII used in the delivery of services under the Shared Services Agreement, substantially in form and substance attached as Exhibit F and (B) from the landlord for the premises of OII located at 1690 South Congress Avenue, Delray Beach, Florida stating that it has consented to the Sublease Agreement.

(xiii) Non-Solicitation Agreements. TeamStaff shall have received Non-Solicitation Agreements from Robert LefCort, Raymond Dile and David Anderson.

## (xiv) Evidence of Payment of all Employee Plan Obligations.

Sellers and OII shall provide written evidence or assurance, reasonably satisfactory to Teamstaff, that all payments with respect to Employee Benefit Plans which were due on or prior to March 31, 2000 have been paid.

(b) The obligations of Sellers to sell the Acquired Assets pursuant to this Agreement are subject to the satisfaction on or prior to Closing Date of the following conditions by Purchaser and/or TeamStaff and the delivery by Purchaser and/or TeamStaff of the indicated documents.

## (i) Legal Opinion

A legal opinion from Purchaser's Legal Counsel, in form and substance satisfactory to Sellers.

## (ii) Certificate of Secretary

A Certificate of the Secretary of Purchaser certifying that annexed thereto are a true and correct copy of: Purchaser's (i) Articles of Incorporation, as amended; (ii) By-laws, as amended and (iii) resolutions of Purchaser's Board of Directors unanimously authorizing the



execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(iii) Certificate of TeamStaff Secretary

A Certificate of the Secretary of TeamStaff certifying that attached thereto is a true and correct copy of the resolutions of TeamStaff's Board of Directors authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

(iv) TeamStaff's Good Standing Certificate

One or more Certificates of the Secretary of State (or other authorized public official) of TeamStaff's jurisdiction of incorporation certifying as of a date within ten (10) days prior to the Effective Date that TeamStaff has filed all required reports, paid all required fees and taxes, and is, as of such date, in good standing and authorized to transact business as a domestic corporation.

(vi) Purchaser's Good Standing Certificate

A Certificate of Good Standing dated within ten (10) days prior to the Effective Date from the Secretary of State of the State of Florida evidencing the good standing of Purchaser.

(vii) Purchaser's Consideration

Purchaser shall have delivered the Purchase Price to OII by wire transfer of immediately available funds to an account designated by OII and as otherwise set forth in Section Three hereof.

(viii) Bill of Sale, Assignment and Assumption Agreement

The Bill of Sale, Assignment and Assumption Agreement shall have been executed by Purchaser.

(ix) Shared Services Agreement. The parties shall have executed the Shared Services Agreement in form and substance satisfactory to Sellers and substantially in the form annexed hereto as Exhibit G.

(x) Client Service Agreement. The parties shall have executed the Client Service Agreement in form and substance satisfactory to Sellers and substantially in the form annexed hereto as Exhibit H.

(xi) Sub Lease Agreements. The parties shall have executed a Sub-lease Agreement with respect to the premises located at 1690 South Congress Avenue, Delray Beach, Florida, and a Stub Period Lease with respect to the premises located at 1144 East Newport Center Drive, Deerfield Beach Florida, both in form and substance satisfactory to OII and substantially in the form of Exhibit I and J, respectively.

(xii) Receipt of Necessary Approvals and Consents.

OII and Sellers shall have received the approval of (A) any and all necessary governmental authorities (but not including governmental approval with respect to PEO licenses), (B) their respective Board of Directors and (C) and its lenders to the transactions contemplated hereby.

#### SECTION EIGHT: INDEMNIFICATION

##### 8.1 INDEMNIFICATION BY SELLER AND OII

OII and Sellers shall, jointly and severally, indemnify and hold harmless Purchaser and TeamStaff from and against any and all claims, causes of action, suits, judgments, taxes, losses, damages, deficiencies, obligations, costs and expenses (including, without limitation, interest, penalties, reasonable attorneys' fees and costs) arising out of or otherwise in respect of: (i) any misrepresentation, inaccuracy in or breach of any representation, warranty, covenant or agreement of Sellers or OII contained in this Agreement which is specifically intended to survive the Closing; (ii) any transaction by Sellers or OII, including but not limited to, any sale, lease, service or the conduct of Sellers' PEO business prior to the Effective Date; (iii) any matter whatsoever relating to the operation, maintenance, conduct and control of or otherwise relating in any manner to the Acquired Assets or Sellers' PEO business, including, without limitation, all Employee Benefit Plans or employment matters, federal, state and local income and employee related taxes and workers' compensation claims prior to the Effective Date; and (iv) any Liabilities other than Assumed Liabilities. Notwithstanding the foregoing, neither the Sellers nor OII shall have any liability to Purchaser for any claims, losses, damages, costs or expenses arising out of the nonassignability of any Listed Instrument.

Purchaser agrees, within 30 days after its receipt of notice of any claim covered hereby, to notify Seller of such claim, or of any claim as to which Purchaser asserts a right to indemnification. If any claim for indemnification by Purchaser arises out of a claim for monetary damages, Seller may, upon written notice to Purchaser, undertake to conduct any proceedings or negotiations in connection therewith that are necessary to defend Purchaser and to take all other steps to settle or defeat any such claims, and to employ counsel to contest any such claims; provided, however, that Seller shall reasonably consider the advice of Purchaser as to the defense of such claims. Purchaser shall have the right to participate at its own expense in such defense,

but the control of such litigation or settlement shall remain with Seller. Purchaser shall provide all reasonable cooperation in connection with any such defense. Counsel and auditor fees, filings fees and court fees in all proceedings, contests or lawsuits with respect to such claim or asserted liability shall be borne by Sellers and OII. If any such claim is made hereunder and neither Sellers nor OII elect not to undertake the defense thereof by written notice to Purchaser, Purchaser shall be entitled to control such litigation and settlement and shall be entitled to indemnity with respect thereto. The indemnification undertaken by Sellers and OII is and shall be absolute, unconditional and irrevocable and shall not be subject to any right of setoff, counterclaim or defense.

## 8.2 INDEMNIFICATION BY PURCHASER

Purchaser and TeamStaff shall indemnify and hold Sellers and OII harmless from and against any and all claims, causes of action, suits, judgments, taxes, losses, damages, deficiencies, obligations, costs and expenses (including, without limitation, interest, penalties, reasonable attorneys' fees and costs) arising out of or otherwise in respect of (i) any misrepresentation, inaccuracy in or breach of any representation, warranty, covenant or agreement of Purchaser or TeamStaff contained in this Agreement which is specifically intended to survive the Closing; (ii) any transaction by Purchaser, including but not limited to, any sale, lease, repair, service or the conduct of business occurring after the Effective Date; (iii) any matter whatsoever relating to the operation, maintenance, conduct and control of or otherwise relating in any manner to the Acquired Assets or Purchaser's business, including all Employee Benefit Plans or employment matters after the Effective Date; and (iv) any Assumed Liabilities.

Sellers and OII agree, within 30 days after its receipt of notice of any claim covered hereby, to notify Purchaser of such claim, or of any claim as to which Sellers or OII assert a right to indemnification. If any claim for indemnification by Sellers or OII arises out of a claim for monetary damages, Purchaser may, upon written notice to Sellers and OII, undertake to conduct any proceedings or negotiations in connection therewith that are necessary to defend Sellers and OII and to take all other steps to settle or defeat any such claims, and to employ counsel to contest any such claims; provided, however, that Purchaser shall reasonably consider the advice of Sellers and OII as to the defense of such claims. Sellers and OII shall have the right to participate at their own expense in such defense, but the control of such litigation or settlement shall remain with Purchaser. Sellers and OII shall provide all reasonable cooperation in connection with any such defense. Counsel and auditor fees, filings fees and court fees in all proceedings, contests or

lawsuits with respect to such claim or asserted liability shall be borne by Purchaser. If any such claim is made hereunder and Purchaser does not elect to undertake the defense thereof by written notice to Sellers and OII, Sellers and OII shall be entitled to control such litigation and settlement and shall be entitled to indemnity with respect thereto. The indemnification undertaken by Purchaser is and shall be absolute, unconditional and irrevocable and shall not be subject to any right of setoff, counterclaim or defense, except as provided in Section 8.3 below.

### 8.3 LIABILITY THRESHOLD AND CAP

Purchaser covenants with Sellers and OII that it shall not make any claim against Sellers or OII (nor shall Sellers or OII be liable to Purchaser for any claim) pursuant to Section 8.1 until the aggregate amount of any such claimed losses, liabilities, damages, costs and expenses exceeds \$50,000 (the "Threshold"); provided, however, Sellers and OII shall be liable with respect to all claims, losses, damages, costs and expenses relating to payroll and other employee related taxes and workers compensation claims prior to the Effective Date without giving effect to the Threshold. Thereafter, Purchaser and TeamStaff may claim for losses, liabilities, damages, costs and expenses up to an aggregate amount equal to the Purchase Price. Solely with respect to claims for indemnification by TeamStaff resulting from: (i) commencement by third parties of judicial proceedings; (ii) administrative or governmental proceedings; (iii) notices of assessment received by TeamStaff for failure to pay taxes; or (iv) notices received by TeamStaff from any governmental or regulatory agency alleging failure to pay workers compensation, TeamStaff shall have the right to withhold or offset all Earnout Payments in an amount equal to any claim for liability hereunder.

### 8.4 TERMINATION

The indemnification provisions provided by Sellers to Purchaser and by Purchaser to Sellers pursuant to this Section shall terminate and be of no further force and effect on the date which is 18 months from the Closing Date with respect to all claims for indemnification, except with respect to Employee related payroll taxes for which the period shall be three (3) year from the Closing Date and except in all cases with respect to any bona fide claims of which the indemnifying party has received notice prior to the relevant time period which have not been resolved.

## 8.5 PAYMENT TERMS OF INDEMNIFICATION

Any payment required to be made by either party under this Section 8 shall be made within 30 days of the date that such payment is determined to be due and owing, unless, as result of judicial or governmental order or under the terms of any settlement which may have been entered into in accordance with this Section 8, such payment is required to be made earlier.

## SECTION NINE: RESTRICTIVE COVENANTS.

### 9.1 SELLER'S COVENANT.

Each Seller and OII covenants and agrees for a period of three (3) years, commencing on the Effective Date, not to directly or indirectly, as a proprietor, partner, stockholder, director, officer, joint venturer, investor, lender or in any other capacity, own, engage, conduct, manage, operate, participate in and be associated with or be connected in any manner whatsoever with any person, firm, partnership, joint venture, corporation or other entity that competes with Purchaser's Employee leasing businesses; provided, however, that this noncompetition covenant shall not apply to (i) payrolling services provided by OII or Sellers in connection with OII's temporary staffing operation or (ii) shares of capital stock owned by any such person in any public corporation, traded on a national or regional exchange or reported by the National Association of Security Dealers, Inc., if such person does not own more than 3% of the issued and outstanding capital stock of such public corporation.

### 9.2 ENFORCEABILITY

It is the desire and intent of the parties hereto that the provisions of this covenant be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, to the extent any provision hereof is deemed unenforceable by virtue of its scope in terms of area or length of time, but may be enforceable with limitations thereon, the parties agree that the same shall, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction in which enforcement is sought.

## SECTION TEN: ARBITRATION

Any controversy, claim, or dispute arising out of or relating to this Agreement, or any breach thereof, including without limitation any dispute concerning the scope of this arbitration clause, shall be settled by arbitration in Miami-Dade County, Florida before three (3) arbitrators of the AAA in accordance with the Commercial Arbitration Rules of the AAA as supplemented herein, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. Pending final award, arbitrator compensation and expenses shall be advanced equally by both parties.

The final award may grant such other, further, and different relief as authorized by the AAA Commercial Arbitration Rules, but may not include punitive damages. Notwithstanding the foregoing, the Parties may bring any action seeking injunctive relief and ancillary damages to enforce the provisions of Section Ten and any party to this Agreement may implead or assert a cross-claim against any other party to this Agreement in connection with any action or lawsuit brought by a third party against any of the parties to this Agreement. Notwithstanding the foregoing, the parties may mutually agree to submit any controversy, claim or dispute arising out of or relating to this Agreement to mediation before a mutually acceptable mediator.

## SECTION ELEVEN: SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

The representations, warranties and covenants contained in this Agreement and in any instrument or certificate delivered pursuant to, or provided for in, this Agreement shall survive the consummation of the transactions contemplated by this Agreement for a period of 18 months. Each party to this Agreement shall be deemed to have relied upon each and every representation, warranty and covenant of the other party, regardless of any investigation made at any time by the party relying on such representation, warranty and covenant.

## SECTION TWELVE: MISCELLANEOUS

## 12.1 BROKERAGE

Sellers represents and warrants to Purchaser that Sellers has dealt only with or retained only Raymond James Financial as its broker or finder for or on account of this Agreement. Purchaser represents and warrants to Sellers that it has not dealt with or retained any broker or finder or paid or agreed to pay any commission or fee to any broker or finder for or on account of this Agreement.

## 12.2 EXPENSES

Sellers agrees to pay all of the costs and expenses incurred by it in connection with this Agreement or in consummating the transactions contemplated herein; including, without limitation, the fees, disbursements and expenses of its attorneys, accountants and advisors. Purchaser agrees to pay all of the costs and expenses incurred by it in connection with this Agreement or in consummating the transactions contemplated herein.

## 12.3 FURTHER ASSURANCES

If at any time after the date hereof any further assignments, transfers or assurances are reasonably necessary or desirable to carry out the provisions of this Agreement, the parties to this Agreement shall execute and deliver any and all bills of sale, instruments of conveyance, assignments, transfers, powers of attorney and assurances of law, and do all things reasonably necessary or proper to such end and otherwise to carry out the provisions and intent of this Agreement.

## 12.4 NOTICES

All notices and other communications permitted or required under this Agreement shall be in writing and shall be sufficiently given if and when hand delivered to the persons set forth below, or if sent by registered or certified mail, postage prepaid, return receipt requested, or by telegram, addressed as set forth below or to such other person or persons and/or at such other

address or addresses as shall be furnished in writing by any party to the others or by personal delivery thereof. Any such notice or communication which is mailed or telegraphed shall be deemed to have been given as of the date received or delivery was attempted, as evidenced by the return receipt with respect to a letter or the official notation of time and date of delivery of a telegram.

To TeamStaff and Purchaser: 300 Atrium Drive  
Somerset NJ 08873  
Attention: Mr. Donald Kappauf

Copy to: Goldstein & DiGioia, LLP  
369 Lexington Avenue  
New York, NY 10017  
Attention: Brian Daughney, Esq.

To Seller: 1144 East Newport Center Drive  
Deerfield Beach, FL 33442  
Attention: Gary Meier and Joe Wasch

Copy to: Akerman, Senterfitt & Eidson, P.A.  
350 E. Las Olas Boulevard Suite 1600  
Fort Lauderdale, FL 33301  
Attention: Donn Beloff, Esq.

#### 12.5 SECTION HEADINGS

The section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

#### 12.6 SEVERABILITY

The invalidity or unenforceability of any particular provision, or part of any provision of this Agreement, shall not affect its other provisions or parts, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions or parts were omitted.



#### 12.7 COUNTERPARTS

This Agreement may be executed in two or more counterparts and by facsimile, each of which shall be deemed an original and all of such counterparts together shall be deemed to be one and the same instrument.

#### 12.8 SCHEDULES

All Schedules referred to in this Agreement are annexed to and made parts of this Agreement and incorporated herein.

#### 12.9 ENTIRE AGREEMENT, AMENDMENTS; BINDING EFFECT

This Agreement, (i) together with the Schedules and other agreements it expressly contemplates, constitutes the entire agreement between the parties to it with respect to the transactions contemplated by this Agreement and supersedes all their prior agreements and understandings, (ii) may not be modified or discharged, nor may any of its terms be waived, except by an instrument in writing, signed by the party or parties to be charged, and (iii) shall bind and inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns. Nothing expressed or mentioned in this Agreement is intended, or will be construed, to give any person, firm, corporation or other entity, other than the parties to this Agreement and their respective heirs, executors, administrators, successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement, or any of its provisions.

#### 12.10 GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

#### 12.11 ASSIGNMENT

No assignment or delegation of any rights or obligations hereunder shall be made by any party hereto without the consent of the other parties.

## 12.12 WAIVERS

The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right of such party at a later time to enforce the same. No waiver of any nature, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of any breach or a waiver of any other condition or of any breach of any other term, covenant, representation or warranty of this Agreement.

## SECTION THIRTEEN: POST CLOSING COVENANTS

The Parties agree as follows with respect to the period following the Closing.

## 13.1. FURTHER ACTIONS REQUIRED TO EFFECT AGREEMENT.

In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 10 hereof). The Sellers acknowledge and agree that from and after the Closing, TeamStaff shall be entitled to possession of all documents, books, records (including tax records), agreements, and financial data of any sort relating to the Acquired Assets; provided, however, that, after Closing, TeamStaff shall provide the Sellers with reasonable access to and the right to copy such documents, books, records (including tax records), agreements, and financial data.

## 13.2. COOPERATION WITH RESPECT TO LITIGATION.

In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving any of the Acquired Assets, each

of the other Parties will cooperate with him or it and his or its counsel in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 8 hereof).

#### 13.3. MAINTENANCE OF BUSINESS RELATIONSHIPS.

Neither the Sellers nor OII will take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of any of the Sellers from maintaining the same business relationships with TeamStaff and the Purchaser after the Closing as it maintained with the Sellers prior to the Closing. Each of the Sellers and OII will refer all customer inquiries relating to the Sellers' PEO business to TeamStaff and the Purchaser from and after the Effective Date.

#### 13.4. POST CLOSING DELIVERY OF FINANCIAL STATEMENTS

OII shall provide to Purchaser, as soon as possible after the Closing Date, but in no event later than 45 days after the Closing Date, audited, operational financial statements of Sellers' PEO business for the year ended December 31, 1999, prepared in accordance with Regulation S-X of the rules and regulations of the Securities and Exchange Commission and GAAP consistent with past practice. The Sellers' Financial Statements for the fiscal years ending December 31, 1997 and December 31, 1998 shall be re-issued in accordance with Regulation S-X of the rules and regulations of the Securities and Exchange Commission and GAAP consistent with past practice and delivered by Sellers as soon as possible following the Closing.

#### 13.5. UTILIZATION OF SELLERS' EQUIPMENT

In the event that following the Closing Date, the Purchaser or TeamStaff deem it necessary to utilize any leased equipment used prior to the Closing Date by the Sellers in connection with the Acquired Assets, TeamStaff shall have the option to use such leased equipment subject to payment to OII of its costs to lease such equipment. Leased Equipment shall exclude all Modular Furniture and PC computers. OII shall not assess or collect a fee or costs from Purchaser or TeamStaff for Modular

Furniture or PC computers that Purchaser or TeamStaff used while a tenant under the Sublease Agreement for 1690 South Congress Avenue, Delray Beach, Florida.

#### 13.6. REPURCHASE OF INTERESTS IN TEAMSTAFF V, INC.

Immediately following the Effective Date, OII (or its affiliate) shall tender to Teamstaff, and Teamstaff shall purchase, the 20% ownership of TeamStaff V, Inc. owned by OII (or its affiliate) for a purchase price of \$200.

#### 13.7 TRANSFER OF PEO PAYROLL EXPERIENCE RATINGS

To the extent permitted by law: (a) in those states where OII maintains a temporary employee staffing business, Sellers and OII will cooperate with Purchaser to transfer in whole or in part their PEO unemployment experience, and (b) in those states where OII does not maintain a temporary employee staffing business, OII and Sellers will cooperate with Purchaser to transfer to Purchaser their unemployment experience rate. The parties shall cooperate in good faith to complete any and all necessary filings in order to effectuate the obligations under this Section 13.7, including the filing of notices to governmental agencies to obtain credits. The parties agree that OII and the Sellers shall not make any filings with respect to state unemployment taxes for the second quarter commencing April 1, 2000 to the extent that transfers under this section are permissible and Teamstaff and the Purchasers shall indemnify and hold harmless OII and the Sellers from any Liability related to such filings made by it. OII and the Sellers shall pay to Teamstaff the actual state unemployment tax withheld for the period up to Effective Date.

#### 13.8 REIMBURSEMENT OF FEES AND EXPENSES.

The parties agree that except as otherwise provided herein or in the Shared Services Agreement (a) Teamstaff and the Purchaser shall reimburse Sellers or OII for any fees or expenses relating to the operation or use of the Acquired Assets or the conduct of Purchaser's PEO business after the Effective Date which are paid by OII or Sellers on behalf of Teamstaff or Purchaser, within 10 days of receipt by Teamstaff or Purchaser of adequate documentation relating to such fees and expenses and (b) Sellers or OII shall reimburse Purchaser or Teamstaff for any fees or expenses relating to the operation or use of the Acquired Assets or the conduct of Sellers' PEO business prior to the Effective Date which are paid by Teamstaff or Purchaser on behalf of OII or Sellers, within 10 days of receipt by OI or Sellers

of adequate documentation relating to such fees and expenses. Each party shall be provided reasonable time to reconcile any such amounts claimed to be due and owing.

#### 13.9 POST CLOSING EMPLOYEE TRANSFER DOCUMENTATION

All parties to this Agreement shall cooperate in good faith and use their best efforts to timely and properly file any and all employee related tax and payroll related filings, certificates or documents as may required in connection with the transactions contemplated herein.

#### 13.10 COBRA CONTINUATION.

Purchaser shall assume the liability and obligation of the Sellers to provide any continuation of group health coverage required under Internal Revenue Code ("Code") Section 4980B or ERISA Section 601 through 608 ("Cobra Coverage") with respect to any employee employed by the Purchaser on and after the Effective Date or "qualified beneficiary" (as defined in Code Section 4980B) of such Employee who undergoes a "qualifying event" (as defined in Code Section 49ipB) on, prior to or after the Effective Date. In addition, Purchaser shall be responsible for all liabilities and obligations with respect to Cobra Coverage in regard to former employees of Sellers (including qualified beneficiaries of such former employees) regardless of whether the qualifying events with respect to such individuals occurred on, before or after the Effective Date. Notwithstanding the foregoing, nothing contained in this Section 13.10 shall be construed or interpreted as to: (i) provide that TeamStaff or Purchase have any liability for any event, claim, losses or damages arising prior to the Effective Date, or (ii) amend or alter the indemnification provisions under Section 8.1 hereof.

#### 13.11 PUBLIC ANNOUNCEMENTS.

Each party shall cooperate with the other, if necessary, with respect to the making of any public announcement or communication relating to this Agreement and the transactions contemplated hereunder. Except as may be required by applicable law, no party may issue any press releases or other public communication relating to this Agreement or the transactions contemplated hereunder without the prior written consent of the other parties. In the event any such press release or other public communication shall be required by applicable law, each party shall first consult in good faith with the other party with respect to form and substance of such release or communication.

#### 13.12. 401K PLAN FORFEITURES.

No party to this Agreement shall take any action to obtain for their possession any forfeitures existing under the Sellers' 401k plans, it being understood and agreed by all parties hereto that all forfeitures (net of any administrative fees) are the property of the employer customer who employed the forfeiting employee.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto on the date first above written.

TEAMSTAFF, INC.

TEAMSTAFF V, INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

OUTSOURCE INTERNATIONAL, INC.

GUARDIAN EMPLOYER WEST LLC

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

SYNADYNE I, INC.

SYNADYNE II, INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

SYNADYNE III, INC.

SYNADYNE IV, INC.

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

SYNADYNE V, INC.

GUARDIAN EMPLOYER EAST LLC

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

FIRST AMENDMENT TO THE  
AMENDED AND RESTATED SCHEDULE TO THE  
AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AGREEMENT is entered into as of April \_\_, 2000 by and among Teamstaff, Inc., Teamstaff Solutions, Inc., DSI Staff Connxions Northeast, Inc., DSI Staff Connxions Southwest, Inc., Teamstaff Rx, Inc., Teamstaff VI, Inc., Teamstaff I, Inc., Teamstaff II, Inc., Teamstaff III, Inc., Teamstaff IV, Inc., Teamstaff V, Inc., Teamstaff IX, Inc., Teamstaff Insurance Services, Inc., Teamstaff VII, Inc., and Employer Support Services, Inc., having the addresses as set forth in the Schedule (as hereinafter defined) (collectively, "Borrower") and FINOVA Capital Corporation, whose address is 355 South Grand Avenue, Los Angeles, California 90071 ("FINOVA").

RECITALS

Whereas, the Borrower and FINOVA entered into an "Amended And Restated Loan And Security Agreement" dated January 25, 1999 (as same is being and may be further modified or extended, the "Loan Agreement"); and

Whereas, in addition to and as part of the Loan Agreement, the Borrower and FINOVA entered into an "Amended And Restated Schedule To Amended And Restated Loan And Security Agreement" dated January 25, 1999 (as same is being and may be further modified or extended, the "Schedule"); and

Whereas, Borrower and FINOVA have agreed to modify the terms of the Loan Agreement and the Schedule as set forth in this agreement ("Agreement").

Now, therefore, in consideration of FINOVA's continued extension of credit and the agreements contained herein, the parties agree as follows:

AGREEMENT

- 1) ACKNOWLEDGMENT OF BALANCE. Borrower acknowledges that the most recent statement of account sent to Borrower with respect to the Obligations is correct.
- 2) MODIFICATIONS. The Schedule be and hereby is modified as follows:
  - (A) The following definition is hereby added to the Section of the Schedule entitled "Definitions (Section 1)":
 

"Loan Year" shall mean each individual year during the life of this credit facility, with the first Loan Year commencing on the Closing Date and ending one year thereafter, and with the subsequent Loan Years commencing on each anniversary of the Closing Date and ending one year thereafter.
  - (B) The Total Facility set forth in the Section of the Schedule entitled "Total Facility (Section 2.1)" be and hereby is amended to be \$12,500,000.00.
  - (C) The "Revolving Credit Loans" Subsection contained within the Section of the Schedule entitled "Loans (Section 2.2)" be and hereby is amended to read as follows:

REVOLVING CREDIT LOANS: A revolving line of credit, terminating upon the expiration of the Initial Term (or, if applicable, at the expiration of the last Renewal Term, if any) consisting of loans against Borrower's Eligible Receivables ("REVOLVING CREDIT Loans") in an aggregate outstanding principal amount not to exceed the lesser of (a) or (b) below:

(a) THREE MILLION FIVE HUNDRED THOUSAND DOLLARS(\$3,500,000.00) (the "REVOLVING CREDIT LIMIT"), less the aggregate undrawn face amount of all Letters of Credit issued under Section 2.4 of this Agreement; less any Loan Reserves, or

(b) the sum of an amount equal to (i) 85% of the aggregate net amount of Eligible Receivables of all Borrowers, less (ii) the aggregate undrawn face amount of all Letters of Credit issued under Section 2.4 of this Agreement; less any Loan Reserves. ----

(D) Subparagraph "3." of the "Term Loans" Subsection contained within the Section of the Schedule entitled "Loans (Section 2.2)", is deleted, and is replaced with new Subparagraph 3, to read as follows:



## 3. TERM LOAN C

A term loan ("TERM LOAN C") in the original principal amount of Four Million Dollars (\$4,000,000.00); provided, that Term Loan C shall be on such terms as are set forth on the separate promissory note of the Borrowers in the form attached hereto as Exhibit 2.2(c).

- (E) Subparagraph "(ii)" of the "Term Interest Rate" Subsection contained within the Section of the Schedule entitled "Interest And Fees (Section 2.6)", is deleted, and is replaced by new Subparagraph (ii), to read as follows:

(ii) Term Loan C: Three percent (3%) in excess of the Prime Rate.

- (F) Subparagraph "3." of the "Success Fee" Subsection contained within the Section of the Schedule entitled "Interest And Fees (Section 2.6)", is deleted, and is replaced by new Subparagraph 3, to read as follows:

## 3. TERM LOAN C.

\$1,500,000.00, of which \$500,000.00 shall be deemed fully earned as of the beginning of each Loan Year and shall be payable at the earlier of (a) the end of each such Loan Year or (b) the prepayment of Term Loan C.

- (G) The "Debt to Net Worth" Subsection of the Section of the Schedule entitled "Financial Covenants (Section 6.1.13)" be and hereby is amended to read as follows:

Debt to Net Worth. DSI and its subsidiaries shall maintain a ratio of Indebtedness For Borrowed Money to Net Worth of not greater than the ratio set forth for such period below:

Period -----	Ratio -----
March 1, 2000 - February 28, 2001	1.0 to 1.0
March 1, 2001 - February 28, 2002	0.71 to 1.0
March 1, 2002 and thereafter	0.5 to 1.0

- (H) The "Debt Service Coverage Ratio" Subsection of the Section of the Schedule entitled "Financial Covenants (Section 6.1.13)" be and hereby is amended to read as follows:

Debt Service Coverage Ratio: As of the last day of each fiscal quarter ending on each December 31, March 31, June 30, and September 30, the ratio of Operating Cash Flow/Actual for the consecutive 12-month period ending as of such last day to Total Contractual Debt Service for such 12-month period must be not less than the ratio set forth below for such period:

Measurement Date -----	Ratio -----
June 30, 2000	1.4 to 1.0
September 30, 2000	1.4 to 1.0
December 31, 2000	1.5 to 1.0
March 31, 2001	1.5 to 1.0
June 30, 2001	1.5 to 1.0
September 30, 2001	1.5 to 1.0
December 31, 2001 and thereafter	1.6 to 1.0

provided however, that, all such determinations shall be made on a consolidated basis.

- (I) The "Capital Expenditures" Subsection of the Section of the Schedule entitled "Negative Covenants (Section 6.2)" be and hereby is amended to read as follows:

Capital Expenditures: No Borrower shall make or incur any Capital Expenditure if, after giving effect thereto, the

aggregate amount of all Capital Expenditures by the Borrowers in any fiscal year would exceed \$500,000.00.

(J) The "Indebtedness " Subsection of the Section of the Schedule entitled "Negative Covenants (Section 6.2)" be and hereby is amended to read as follows:

Indebtedness: Borrower shall not create, incur, assume or permit to exist any Indebtedness for Borrowed Money (including Indebtedness For Borrowed Money in connection with Capital Lease) in excess of \$500,000.00 other than the Indebtedness permitted by Section 6.2.11.

- (K) The Promissory Notes previously attached to the Schedule as Exhibits 2.2(a), 2.2(b) and 2.2(c) are deleted and replaced by the Second Amended And Restated Secured Promissory Note A, the Amended And Restated Secured Promissory Note B, and the Secured Promissory Note C annexed hereto, which are now deemed to be Exhibits 2.2(a), 2.2(b) and 2.2(c) to the Schedule, respectively.
- (L) "Loan Reserves" shall include an incrementally increasing reserve commencing on May 15, 2000 in the amount of \$100,000, and increasing by \$100,000 monthly on the last day of each month thereafter through April 30, 2001. Such a reserve shall be eliminated upon satisfactory proof to FINOVA that Borrower has paid Outsource International, Inc., Synadyne I, Inc., Synadyne II, Inc., Synadyne III, Inc., Synadyne IV, Inc., Synadyne V, Inc., Guardian Employer East, LLC, and Guardian Employer West, LLC all sums due to them pursuant to the Asset Purchase Agreement dated on or about the date hereof.

3) ACKNOWLEDGMENTS. Borrower acknowledges and represent that:

- (A) The Term Loan C which was initially referenced in the Schedule has been repaid in full and terminated prior to the date hereof, and is replaced with a new Term Loan C.
- (B) the Loan Agreement, the Schedule, and other Loan Documents, as amended hereby, are in full force and effect without any defense, claim, counterclaim, right or claim of set-off;
- (C) after giving effect to this Agreement, no Default or Event of Default under the Loan Documents has occurred;
- (D) no default by FINOVA in the performance of its duties under the Loan Agreement, the Schedule, or the other Loan Documents has occurred;
- (E) all representations and warranties contained herein and in the other Loan Documents are true and correct as of this date;
- (F) Borrower has taken all necessary action to authorize the execution and delivery of this Agreement; and
- (G) this Agreement is a modification of an existing obligation and is not a novation.

4) COLLATERAL. Borrower acknowledges and confirms that there have been no changes in the ownership of any collateral pledged and/or mortgaged to secure the Obligations (the "Collateral") since the Collateral was originally pledged and/or mortgaged; that FINOVA has existing, valid first priority security interests and liens in the Collateral; and that such security interests and liens shall secure the Borrower's Obligations to FINOVA, including those due under and/or as a result of the Term Loan C Note, and all future modifications, extensions, renewals and/or replacements thereof, hereof, or of the Loan Documents.

5) PRECONDITIONS. As a precondition to the effectiveness of any of the modifications contained herein, the Borrower agrees to:

- (A) provide FINOVA with a resolution, in form and substance acceptable to FINOVA, which approves the transaction contemplated hereby.
- (B) execute and deliver the Second Amended And Restated Secured Promissory Note A, the Amended And Restated Secured Promissory Note B, The Secured Promissory Note C, and the Request for Disbursement.
- (C) Cause the execution and delivery of the Reaffirmation of Support Agreement by Donald T. Kelly.
- (D) Cause the execution and delivery of the Opinion Letter of Goldstein & DiGioia, LLP, counsel to the Borrowers, in form and substance satisfactory to FINOVA.
- (E) Cause the execution and delivery of the Certificate of Chief Financial Officer of Digital Solutions, Inc.
- (F) provide all documentation required by the Closing Agenda dated on or about the date hereof, prepared by counsel for FINOVA in

connection with this transaction.

- (G) provide proof of \$1,500,000.00 in excess availability after giving effect to the transactions contemplated hereby and/or conducted concurrently herein.
- (H) pay FINOVA a closing fee of \$50,000.00.

(I) pay all fees and costs incurred by FINOVA in entering into this Agreement and the other documents executed in connection herewith.

6) MISCELLANEOUS. This Agreement shall be construed in accordance with and governed by the laws of the applicable state as originally provided in the Loan Documents, without reference to that state's conflicts of law principles. This Agreement and the other Loan Documents constitute the sole agreement of the parties with respect to the subject matter thereof and supersede all oral negotiations and prior writings with respect to the subject matter thereof. No amendment of this Agreement, and no waiver of any one or more of the provisions hereof shall be effective unless set forth in writing and signed by the parties hereto. The illegality, unenforceability or inconsistency of any provision of this Agreement shall not in any way affect or impair the legality, enforceability or consistency of the remaining provisions of this Agreement or the other Loan Documents. This Agreement and the other Loan Documents are intended to be consistent. However, in the event of any inconsistencies among this Agreement and any of the Loan Documents, the terms of this Agreement, then the Loan Agreement and Schedule, shall control. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts. Each such counterpart shall be deemed an original, but all such counterparts shall together constitute one and the same agreement. Terms used in this Agreement which are capitalized and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Documents.

7) DEFINITIONS. The terms used herein and not otherwise defined or modified herein shall have the meanings ascribed to them in the Loan Agreement. The terms used herein and not otherwise defined or modified herein or defined in the Loan Agreement shall have the meanings ascribed to them by the Uniform Commercial Code as enacted in New Jersey.

IN WITNESS WHEREOF, the undersigned have signed and sealed this Agreement the day and year first above written.

ATTEST: TEAMSTAFF, INC.  
\_\_\_\_\_  
C. Donald Kelly, Secretary BY: \_\_\_\_\_  
Donald Kappauf, President

ATTEST: TEAMSTAFF SOLUTIONS, INC.  
\_\_\_\_\_  
C. Donald Kelly, Secretary BY: \_\_\_\_\_  
Donald Kappauf, President

ATTEST: DSI STAFF CONNCTIONS NORTHEAST, INC.  
\_\_\_\_\_  
C. Donald Kelly, Secretary BY: \_\_\_\_\_  
Donald Kappauf, President

ATTEST: DSI STAFF CONNCTIONS SOUTHWEST, INC.  
\_\_\_\_\_  
C. Donald Kelly, Secretary BY: \_\_\_\_\_  
Donald Kappauf, President

ATTEST:

TEAMSTAFF RX, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, President

ATTEST:

TEAMSTAFF VI, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF I, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF II, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF III, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF IV, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF V, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF IX, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF INSURANCE SERVICES, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

TEAMSTAFF VIII, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

ATTEST:

EMPLOYER SUPPORT SERVICES, INC.

\_\_\_\_\_  
C. Donald Kelly, Secretary

BY: \_\_\_\_\_  
Donald Kappauf, Chairman

FINOVA CAPITAL CORPORATION

BY: \_\_\_\_\_  
Ilene Gerber, Vice President

GUARANTOR'S RATIFICATION

Each of the undersigned Guarantors hereby reaffirms their continuing obligations under the terms of their Continuing Corporate Guaranty agreements dated as of April 28, 1998, and acknowledge that (i) they have read this First Amendment To The Amended And Restated Schedule To The Amended And Restated Loan And Security Agreement, (ii) the Obligations and advances described herein are secured by their guaranty agreements, and (iii) they make such reaffirmation with full knowledge of the terms hereof including without limitation the increased obligations of the Borrower to FINOVA.

ATTEST: DSI INSURANCE SERVICES, INC.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
\_\_\_\_\_, President



## SECOND AMENDED AND RESTATED SECURED PROMISSORY NOTE A

\$1,541,659.00

Phoenix, Arizona  
April , 2000

FOR VALUE RECEIVED, TEAMSTAFF, INC., a New Jersey Corporation, TEAMSTAFF SOLUTIONS, INC., a New York Corporation, DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation, DSI STAFF CONNXIONS SOUTHWEST, INC., a Texas Corporation, TEAMSTAFF RX, INC., a Texas Corporation, TEAMSTAFF VI, INC., a Florida Corporation, TEAMSTAFF I, INC., a Florida Corporation, TEAMSTAFF II, INC., a Florida Corporation, TEAMSTAFF III, INC., a Florida Corporation, TEAMSTAFF IV, INC., a Florida Corporation, TEAMSTAFF V, INC., a Florida Corporation, TEAMSTAFF IX, INC., a Florida Corporation, TEAMSTAFF INSURANCE SERVICES, INC., a Florida Corporation, TEAMSTAFF VIII, INC., and EMPLOYER SUPPORT SERVICES, INC., a Florida Corporation (collectively, "Borrower"), promises to pay to the order of FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), at its offices at 355 South Grand Avenue, Suite 2400, Los Angeles, California 90071, or at such other place or places as FINOVA may from time to time designate in writing, the principal sum of One Million Five Hundred Forty-one Thousand Six Hundred Fifty Nine Dollars (\$1,541,659.00), plus interest in the manner and upon the terms and conditions set forth below. This Second Amended and Restated Secured Promissory Note ("Note") is made pursuant to that certain Amended And Restated Loan and Security Agreement dated January 25, 1999, as amended, between the FINOVA and Borrower (the "Loan Agreement"), the provisions of which are incorporated herein by this reference. Capitalized terms herein, unless otherwise noted, shall have the meaning set forth in the Loan Agreement. This Note represents the outstanding principal balance of the Amended And Restated Secured Promissory Note A dated January 25, 1999 in the original amount of \$2,166,664.00 and is being entered into to restate certain terms thereof not as evidence of a new indebtedness, and is not a novation.

## 1.0 SCHEDULE OF PAYMENTS; RATE AND PAYMENT OF INTEREST; PREPAYMENT.

1.1 The amounts due under this Note shall be payable as follows:

a. Thirty-six (36) equal successive monthly installments of principal of Forty-One Thousand Six Hundred Sixty-Seven and 00/100 Dollars (\$41,667.00) each on the first day of each month, beginning May 1, 2000, and continuing through and including April 1, 2003; and

b. A final installment equal to the then unpaid principal balance hereof on April 30, 2003; and

c. With each of the foregoing payments accompanied by payment of accrued interest on the principal balance from time to time remaining unpaid, payable monthly on the first day of each and every month, beginning May 1, 2000.

1.2 Prepayment may be made under this Note in whole but not in part, subject to, in the case of prepayment in whole, the Termination Fee and Success Fee set forth in the Loan Agreement, provided that such prepayment is preceded by not less than five (5) business days prior written notice to FINOVA and accompanied by all accrued and unpaid interest and the full amount of the applicable Termination Fee, if any, and Success Fee. Notwithstanding anything herein to the contrary, in the event is terminated by Borrower, by FINOVA or by any other person at any time, or the Revolving Credit Loans facility is otherwise terminated for any reason, then the entire unpaid principal balance of this Note, together with all accrued and unpaid interest hereon and the full amount of the applicable Termination Fee and Success Fee, shall become immediately due and payable in full on the effective date of such termination, without presentment, notice or demand of any kind.

1.3 Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed, and shall be at the rate of three percentage (3%) points above the Prime Rate (as hereinafter defined), computed on the basis of a 360-day year; provided, however, upon the occurrence and during the continuance of an event of default (as hereinafter defined), interest shall accrue on the outstanding principal balance of this Note at a default rate (the "Default Rate") of five (5) percentage points above the Prime Rate, and shall be payable on demand. "Prime Rate" means, for any day, the rate of interest per annum (over a year of 360 days) announced by Citibank, N.A. (the "Bank"), from time to time, as its "base rate" (or any successor thereto) in effect on such day. The Prime Rate is not necessarily the lowest rate charged by the Bank. The applicable rate of interest assessed hereunder will be increased or decreased from time to time hereafter in an amount equal to any increase or decrease hereafter made by the Bank in the Prime Rate. A change in the Prime Rate shall be effective on the first day following such change.

## 2.0 EVENTS OF DEFAULTS; REMEDIES.

2.1 Upon the occurrence of any Event of Default under and as defined in the Loan Agreement, in addition to FINOVA's right to charge interest on the Obligations at the Default Rate: (a) at the option of FINOVA, the entire unpaid amount of all of the Obligations, including without limitation the Termination Fee, shall become immediately due and payable without demand, notice or legal process of any kind; (b) FINOVA may, at its option, without demand, notice or legal process of any kind, exercise any and all rights and remedies granted to it by the Loan Agreement or by any other agreement now or hereafter existing between FINOVA and Borrower or between FINOVA and any guarantor of part or all of Borrower's liabilities to FINOVA; and (c) FINOVA may at its option exercise from time to time any other rights and remedies available to it under the Uniform Commercial Code or other law of the State of Arizona.

2.2 The remedies of FINOVA as provided herein and in the Loan Agreement shall be cumulative and concurrent, and may be pursued singularly, successively, or together, at the sole discretion of FINOVA. No act of omission or commission of FINOVA, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document

executed by FINOVA and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

### 3.0 GENERAL PROVISIONS.

3.1 Borrower warrants and represents to FINOVA that Borrower has used and will continue to use the loans and advances represented by this Note solely for proper business purposes, and consistent with all applicable laws and statutes.

3.2 This Note is secured by the Collateral described in the Loan Agreement.

3.3 Borrower waives presentment, demand and protest, notice of protest, notice of presentment and all other notices and demands in connection with the enforcement of FINOVA's rights hereunder, except as specifically provided and called for by this Note, and hereby consents to, and waives notice of, the release, addition, or substitution, with or without consideration, of any collateral or of any person liable for payment of this Note. Any failure of FINOVA to exercise any right available hereunder or otherwise shall not be construed as a waiver of the right to exercise the same or as a waiver of any other right at any other time.

3.4 If this Note is not paid when due or upon the occurrence of an Event of Default, Borrower further promises to pay all costs of collection, foreclosure fees, attorneys fees and expert witness fees incurred by FINOVA, whether or not suit is filed hereon, and the fees, costs and expenses as provided in the Loan Agreement.

3.5 The contracted for rate of interest of the loan contemplated hereby, without limitation, shall consist of the following: (i) the interest rate set forth on the Schedule, calculated and applied to the principal balance of this Note in accordance with the provisions of this Note; (ii) interest after an Event of Default, calculated and applied to the amounts due under this Note in accordance with the provisions hereof; and (iii) all Additional Sums (as herein defined), if any. Borrower agrees to pay an effective contracted for rate of interest which is the sum of the above-referenced elements. All examination fees, attorneys fees, expert witness fees, letter of credit fees, collateral monitoring fees, closing fees, facility fees, Termination Fees, Minimum Interest Charges, other charges, goods, things in action or any other sums or things of value paid or payable by Borrower (collectively, the "Additional Sums"), whether pursuant to this Note, the Loan Agreement or any other documents or instruments in any way pertaining to this lending transaction, or otherwise with respect to this lending transaction, that under any applicable law may be deemed to be interest with respect to this lending transaction, for the purpose of any applicable law that may limit the maximum amount of interest to be charged with respect to this lending transaction, shall be payable by Borrower as, and shall be deemed to be, additional interest and for such purposes only, the agreed upon and "contracted for rate of interest" of this lending transaction shall be deemed to be increased by the rate of interest resulting from the inclusion of the Additional Sums.

3.6 It is the intent of the parties to comply with the usury law of the State of Arizona (the "Applicable Usury Law"). Accordingly, it is agreed that notwithstanding any

provisions to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, in no event shall this Note or such documents require the payment or permit the collection of interest in excess of the maximum Interest Rate, then in any such event (1) the provisions of the paragraph shall govern and control, (2) neither Borrower nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Interest Rate, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Borrower, at FINOVA's option, and (4) the effective rate of interest shall be automatically reduced to the Maximum Interest Rate. It is further agreed, without limiting the generality of the foregoing, that to the extent permitted by the Applicable Usury Law; (x) all calculations of interest which are made for the purpose of determining whether such rate would exceed the Maximum Interest Rate shall be made by amortizing, prorating, allocating and spreading during the period of the full stated term of the loan evidenced hereby, all interest at any time contracted for, charged or received from Borrower or otherwise in connection with such loan; and (y) in the event that the effective rate of interest on the loan should at any time exceed the Maximum Interest Rate, such excess interest that would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law shall be paid to FINOVA from time to time, if and when the effective interest rate on the loan otherwise fall below the Maximum Interest Rate, until the entire amount of interest which would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law has been paid in full. Borrower further agrees that should the Maximum Interest Rate be increased at any time hereafter because of a change in the Applicable Usury Law, then to the extent not prohibited by the Applicable Usury Law, such increases shall apply to all indebtedness evidenced hereby regardless of when incurred; but, again to the extent not prohibited by the Applicable Usury Law, should the maximum Interest Rate be decreased because of a change in the Applicable Usury Law, such decreases shall not apply to the indebtedness evidenced hereby regardless of when incurred.

3.7 FINOVA may at any time transfer this Note and FINOVA's rights in any or all collateral securing this Note, and FINOVA thereafter shall be relieved from all liability with respect to such collateral arising after the date of such transfer.

3.8 This Note shall be binding upon Borrower and its legal representatives, successors and assigns. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provision of this Note.

THIS NOTE HAS BEEN DELIVERED FOR ACCEPTANCE BY FINOVA IN PHOENIX, ARIZONA AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS) OF THE STATE OF ARIZONA, AS THE SAME MAY FROM TIME TO TIME BE IN EFFECT, INCLUDING, WITHOUT LIMITATION, THE UNIFORM COMMERCIAL CODE AS ADOPTED IN ARIZONA. BORROWER

HEREBY (i) IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN MARICOPA COUNTY, ARIZONA OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS NOTE; (ii) WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON BORROWER, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY MESSENGER, CERTIFIED MAIL OR REGISTERED MAIL DIRECTED TO BORROWER AT THE ADDRESS SET FORTH BELOW AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT OR THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED TO BORROWER'S ADDRESS; (iii) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT BORROWER MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING; (iv) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; (v) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST FINOVA OR ANY OF FINOVA'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY, CONCERNING ANY MATTER ARISING OUT OF OR RELATING TO THIS NOTE IN ANY COURT OTHER THAN ONE LOCATED IN MARICOPA COUNTY, ARIZONA; AND (vi) IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS NOTE. NOTHING IN THIS PARAGRAPH SHALL AFFECT OR IMPAIR FINOVA'S RIGHT TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR FINOVA'S RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR BORROWER'S PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

TEAMSTAFF, INC., a New Jersey Corporation

Fed. Tax ID #22-1899798

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: President  
Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF SOLUTIONS, INC., a New Jersey Corporation  
Fed. Tax ID #:13-2878077

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 245 Fifth Avenue, Suite 1003, New York, New York 10016

DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation  
Fed. Tax ID #: 22-3405060

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF RX, INC., a Texas Corporation  
Fed. Tax ID #: 76-0451040

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

DSI STAFF CONNXIONS-SOUTHWEST, INC., a Texas Corporation  
Fed. Tax ID #: 76-0422152

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

TEAMSTAFF VI, INC., a Florida corporation  
Fed. Tax ID #: 59-2988438

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF I, INC., A Florida corporation  
Fed. Tax ID #: 59-3067619

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, II, INC., a Florida corporation  
Fed. Tax ID #: 59-3277121

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, III, INC., a Florida corporation  
Fed. Tax ID #: 59-3277124

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, IV, INC., a Florida corporation  
Fed. Tax ID #: 59-3277126

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF V, INC., a Florida corporation  
Fed. Tax ID #: 59-3277127

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF IX, INC., a Florida corporation  
Fed. Tax ID #: 59-2988440

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF INSURANCE SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988436

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607



TEAMSTAFF VIII, INC., a Florida corporation  
Fed. Tax ID #: 59-3236075

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

EMPLOYER SUPPORT SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988443

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

## AMENDED AND RESTATED SECURED PROMISSORY NOTE B

\$1,899,996.00

Phoenix, Arizona  
April , 2000

FOR VALUE RECEIVED, TEAMSTAFF, INC., a New Jersey Corporation, TEAMSTAFF SOLUTIONS, INC., a New York Corporation, DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation, DSI STAFF CONNXIONS SOUTHWEST, INC., a Texas Corporation, TEAMSTAFF RX, INC., a Texas Corporation, TEAMSTAFF VI, INC., a Florida Corporation, TEAMSTAFF I, INC., a Florida Corporation, TEAMSTAFF II, INC., a Florida Corporation, TEAMSTAFF III, INC., a Florida Corporation, TEAMSTAFF IV, INC., a Florida Corporation, TEAMSTAFF V, INC., a Florida Corporation, TEAMSTAFF IX, INC., a Florida Corporation, TEAMSTAFF INSURANCE SERVICES, INC., a Florida Corporation, TEAMSTAFF VIII, INC., and EMPLOYER SUPPORT SERVICES, INC., a Florida Corporation (collectively, "Borrower"), promises to pay to the order of FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), at its offices at 355 South Grand Avenue, Suite 2400, Los Angeles, California 90071, or at such other place or places as FINOVA may from time to time designate in writing, the principal sum of One Million Eight Hundred Ninety-nine Thousand Nine Hundred Ninety-six Dollars (\$1,899,996.00), plus interest in the manner and upon the terms and conditions set forth below. This Amended and Restated Secured Promissory Note ("Note") is made pursuant to that certain Amended And Restated Loan and Security Agreement dated January 25, 1999, as amended, between the FINOVA and Borrower (the "Loan Agreement"), the provisions of which are incorporated herein by this reference. Capitalized terms herein, unless otherwise noted, shall have the meaning set forth in the Loan Agreement. This Note represents the outstanding principal balance of the Secured Promissory Note B dated January 25, 1999 in the original amount of \$2,500,000.00 and is being entered into to restate certain terms thereof not as evidence of a new indebtedness, and is not a novation.

## 1.0 SCHEDULE OF PAYMENTS; RATE AND PAYMENT OF INTEREST; PREPAYMENT.

1.1 The amounts due under this Note shall be payable as follows:

a. ten (10) equal successive monthly installments of principal of Fifty Thousand and 00/100 Dollars (\$50,000.00) each on the first day of each month, beginning May 1, 2000, and continuing through and including February 1, 2001;

b. twenty four (24) equal successive monthly installments of principal of Fifty Eight Thousand Three Hundred Thirty Three and 00/100 Dollars (\$58,333.00) each on the first day of each month, beginning March 1, 2001, and continuing through and including February 1, 2003;

c. A final installment equal to the then unpaid principal balance hereof on March 1, 2003; and

d. With each of the foregoing payments accompanied by payment of accrued interest on the principal balance from time to time remaining unpaid, payable monthly on the first day of each and every month, beginning May 1, 2000.

1.2 Prepayment may be made under this Note in whole but not in part, subject to, in the case of prepayment in whole, the Termination Fee and Success Fee set forth in the Loan Agreement, provided that such prepayment is preceded by not less than five (5) business days prior written notice to FINOVA and accompanied by all accrued by unpaid interest and the full amount of the applicable Termination Fee, if any, and Success Fee. Notwithstanding anything herein to the contrary, in the event is terminated by Borrower, by FINOVA or by any other person at any time, or the Revolving Credit Loans facility is otherwise terminated for any reason, then the entire unpaid principal balance of this Note, together with all accrued and unpaid interest hereon and the full amount of the applicable Termination Fee and Success Fee, shall become immediately due and payable in full on the effective date of such termination, without presentment, notice or demand of any kind.

1.3 Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed, and shall be at the rate of three percentage (3%) points above the Prime Rate (as hereinafter defined), computed on the basis of a 360-day year; provided, however, upon the occurrence and during the continuance of an event of default (as hereinafter defined), interest shall accrue on the outstanding principal balance of this Note at a default rate (the "Default Rate") of five (5) percentage points above the Prime Rate, and shall be payable on demand. "Prime Rate" means, for any day, the rate of interest per annum (over a year of 360 days) announced by Citibank, N.A. (the "Bank"), from time to time, as its "base rate" (or any successor thereto) in effect on such day. The Prime Rate is not necessarily the lowest rate charged by the Bank. The applicable rate of interest assessed hereunder will be increased or decreased from time to time hereafter in an amount equal to any increase or decrease hereafter made by the Bank in the Prime Rate. A change in the Prime Rate shall be effective on the first day following such change.

## 2.0 EVENTS OF DEFAULTS; REMEDIES.

2.1 Upon the occurrence of any Event of Default under and as defined in the Loan Agreement, in addition to FINOVA's right to charge interest on the Obligations at the Default Rate: (a) at the option of FINOVA, the entire unpaid amount of all of the Obligations, including without limitation the Termination Fee, shall become immediately due and payable without demand, notice or legal process of any kind; (b) FINOVA may, at its option, without demand, notice or legal process of any kind, exercise any and all rights and remedies granted to it by the Loan Agreement or by any other agreement now or hereafter existing between FINOVA and Borrower or between FINOVA and any guarantor of part or all of Borrower's liabilities to FINOVA; and (c) FINOVA may at its option exercise from time to time any other rights and remedies available to it under the Uniform Commercial Code or other law of the State of Arizona.

2.2 The remedies of FINOVA as provided herein and in the Loan Agreement shall be cumulative and concurrent, and may be pursued singularly, successively, or together, at the sole discretion of FINOVA. No act of omission or commission of FINOVA, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by FINOVA and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

### 3.0 GENERAL PROVISIONS.

3.1 Borrower warrants and represents to FINOVA that Borrower has used and will continue to use the loans and advances represented by this Note solely for proper business purposes, and consistent with all applicable laws and statutes.

3.2 This Note is secured by the Collateral described in the Loan Agreement.

3.3 Borrower waives presentment, demand and protest, notice of protest, notice of presentment and all other notices and demands in connection with the enforcement of FINOVA's rights hereunder, except as specifically provided and called for by this Note, and hereby consents to, and waives notice of, the release, addition, or substitution, with or without consideration, of any collateral or of any person liable for payment of this Note. Any failure of FINOVA to exercise any right available hereunder or otherwise shall not be construed as a waiver of the right to exercise the same or as a waiver of any other right at any other time.

3.4 If this Note is not paid when due or upon the occurrence of an Event of Default, Borrower further promises to pay all costs of collection, foreclosure fees, attorneys fees and expert witness fees incurred by FINOVA, whether or not suit is filed hereon, and the fees, costs and expenses as provided in the Loan Agreement.

3.5 The contracted for rate of interest of the loan contemplated hereby, without limitation, shall consist of the following: (i) the interest rate set forth on the Schedule, calculated and applied to the principal balance of this Note in accordance with the provisions of this Note: (ii) interest after an Event of Default, calculated and applied to the amounts due under this Note in accordance with the provisions hereof; and (iii) all Additional Sums (as herein defined), if any. Borrower agrees to pay an effective contracted for rate of interest which is the sum of the above-referenced elements. All examination fees, attorneys fees, expert witness fees, letter of credit fees, collateral monitoring fees, closing fees, facility fees, Termination Fees, Minimum Interest Charges, other charges, goods, things in action or any other sums or things of value paid or payable by Borrower (collectively, the "Additional Sums"), whether pursuant to this Note, the Loan Agreement or any other documents or instruments in any way pertaining to this lending transaction, or otherwise with respect to this lending transaction, that under any applicable law may be deemed to be interest with respect to this lending transaction, for the purpose of any applicable law that may limit the maximum amount of interest to be charged with respect to this lending transaction, shall be payable by Borrower as, and shall be deemed to be, additional interest and for such purposes only, the agreed upon and "contracted for rate of

interest" of this lending transaction shall be deemed to be increased by the rate of interest resulting from the inclusion of the Additional Sums.

3.6 It is the intent of the parties to comply with the usury law of the State of Arizona (the "Applicable Usury Law"). Accordingly, it is agreed that notwithstanding any provisions to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, in no event shall this Note or such documents require the payment or permit the collection of interest in excess of the maximum Interest Rate, then in any such event (1) the provisions of the paragraph shall govern and control, (2) neither Borrower nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Interest Rate, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Borrower, at FINOVA's option, and (4) the effective rate of interest shall be automatically reduced to the Maximum Interest Rate. It is further agreed, without limiting the generality of the foregoing, that to the extent permitted by the Applicable Usury Law; (x) all calculations of interest which are made for the purpose of determining whether such rate would exceed the Maximum Interest Rate shall be made by amortizing, prorating, allocating and spreading during the period of the full stated term of the loan evidenced hereby, all interest at any time contracted for, charged or received from Borrower or otherwise in connection with such loan; and (y) in the event that the effective rate of interest on the loan should at any time exceed the Maximum Interest Rate, such excess interest that would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law shall be paid to FINOVA from time to time, if and when the effective interest rate on the loan otherwise fall below the Maximum Interest Rate, until the entire amount of interest which would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law has been paid in full. Borrower further agrees that should the Maximum Interest Rate be increased at any time hereafter because of a change in the Applicable Usury Law, then to the extent not prohibited by the Applicable Usury Law, such increases shall apply to all indebtedness evidenced hereby regardless of when incurred; but, again to the extent not prohibited by the Applicable Usury Law, should the maximum Interest Rate be decreased because of a change in the Applicable Usury Law, such decreases shall not apply to the indebtedness evidenced hereby regardless of when incurred.

3.7 FINOVA may at any time transfer this Note and FINOVA's rights in any or all collateral securing this Note, and FINOVA thereafter shall be relieved from all liability with respect to such collateral arising after the date of such transfer.

3.8 This Note shall be binding upon Borrower and its legal representatives, successors and assigns. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provision of this Note.

THIS NOTE HAS BEEN DELIVERED FOR ACCEPTANCE BY FINOVA IN PHOENIX, ARIZONA AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS) OF THE STATE OF ARIZONA, AS THE SAME MAY FROM TIME TO TIME BE IN EFFECT, INCLUDING, WITHOUT LIMITATION, THE UNIFORM COMMERCIAL CODE AS ADOPTED IN ARIZONA. BORROWER HEREBY (i) IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN MARICOPA COUNTY, ARIZONA OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS NOTE; (ii) WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON BORROWER, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY MESSENGER, CERTIFIED MAIL OR REGISTERED MAIL DIRECTED TO BORROWER AT THE ADDRESS SET FORTH BELOW AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT OR THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED TO BORROWER'S ADDRESS; (iii) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT BORROWER MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING; (iv) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; (v) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST FINOVA OR ANY OF FINOVA'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY, CONCERNING ANY MATTER ARISING OUT OF OR RELATING TO THIS NOTE IN ANY COURT OTHER THAN ONE LOCATED IN MARICOPA COUNTY, ARIZONA; AND (vi) IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS NOTE. NOTHING IN THIS PARAGRAPH SHALL AFFECT OR IMPAIR FINOVA'S RIGHT TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR FINOVA'S RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR BORROWER'S PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

TEAMSTAFF, INC., a New Jersey Corporation

Fed. Tax ID #22-1899798

By:

\_\_\_\_\_  
Name: Donald W. Kappauf

Title: President

Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF SOLUTIONS, INC., a New Jersey Corporation  
Fed. Tax ID #:13-2878077

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 245 Fifth Avenue, Suite 1003, New York, New York 10016

DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation  
Fed. Tax ID #: 22-3405060

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF RX, INC., a Texas Corporation  
Fed. Tax ID #: 76-0451040

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

DSI STAFF CONNXIONS-SOUTHWEST, INC., a Texas Corporation  
Fed. Tax ID #: 76-0422152

By: \_\_\_\_\_

Name: Donald W. Kappauf  
Title: President

Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

TEAMSTAFF VI, INC., a Florida corporation  
Fed. Tax ID #: 59-2988438

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF I, INC., A Florida corporation  
Fed. Tax ID #: 59-3067619

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, II, INC., a Florida corporation  
Fed. Tax ID #: 59-3277121

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, III, INC., a Florida corporation  
Fed. Tax ID #: 59-3277124

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607



TEAMSTAFF, IV, INC., a Florida corporation  
Fed. Tax ID #: 59-3277126

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF V, INC., a Florida corporation  
Fed. Tax ID #: 59-3277127

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF IX, INC., a Florida corporation  
Fed. Tax ID #: 59-2988440

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF INSURANCE SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988436

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF VIII, INC., a Florida corporation  
Fed. Tax ID #: 59-3236075

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

EMPLOYER SUPPORT SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988443

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

## SECURED PROMISSORY NOTE C

\$4,000,000.00

Phoenix, Arizona  
April \_\_, 2000

FOR VALUE RECEIVED, TEAMSTAFF, INC., a New Jersey Corporation, TEAMSTAFF SOLUTIONS, INC., a New York Corporation, DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation, DSI STAFF CONNXIONS SOUTHWEST, INC., a Texas Corporation, TEAMSTAFF RX, INC., a Texas Corporation, TEAMSTAFF VI, INC., a Florida Corporation, TEAMSTAFF I, INC., a Florida Corporation, TEAMSTAFF II, INC., a Florida Corporation, TEAMSTAFF III, INC., a Florida Corporation, TEAMSTAFF IV, INC., a Florida Corporation, TEAMSTAFF V, INC., a Florida Corporation, TEAMSTAFF IX, INC., a Florida Corporation, TEAMSTAFF INSURANCE SERVICES, INC., a Florida Corporation, TEAMSTAFF VIII, INC., and EMPLOYER SUPPORT SERVICES, INC., a Florida Corporation (collectively, "Borrower"), promises to pay to the order of FINOVA CAPITAL CORPORATION, a Delaware corporation ("FINOVA"), at its offices at 355 South Grand Avenue, Suite 2400, Los Angeles, California 90071, or at such other place or places as FINOVA may from time to time designate in writing, the principal sum of FOUR MILLION Dollars (\$4,000,000.00), plus interest in the manner and upon the terms and conditions set forth below. This Secured Promissory Note ("Note") is made pursuant to that certain Amended And Restated Loan and Security Agreement dated January 25, 1999, as amended, between the FINOVA and Borrower (the "Loan Agreement"), the provisions of which are incorporated herein by this reference. Capitalized terms herein, unless otherwise noted, shall have the meaning set forth in the Loan Agreement.

## 1.0 SCHEDULE OF PAYMENTS; RATE AND PAYMENT OF INTEREST; PREPAYMENT.

1.1 The amounts due under this Note shall be payable as follows:

a. Thirty-one (31) equal successive monthly installments of principal of Sixty-Six Thousand, Six Hundred Sixty Seven Dollars (\$66,667.00) each on the first day of each month, beginning November 1, 2000, and continuing through and including April 1, 2003; and

b. A final installment equal to the then unpaid principal balance hereof on April 30, 2003; and

c. Successive monthly installments of accrued interest on the principal balance from time to time remaining unpaid, payable monthly on the first day of each and every month, beginning May 1, 2000, with a final installment equal to all outstanding and unpaid accrued interest on April 30, 2003.

1.2 Prepayment may be made under this Note in whole but not in part, subject to, in the case of prepayment in whole, and Success Fee set forth in the Loan Agreement, provided that such prepayment is preceded by not less than five (5) business days prior written

notice to FINOVA and accompanied by all accrued by unpaid interest and the earned Success Fee. Notwithstanding anything herein to the contrary, in the event is terminated by Borrower, by FINOVA or by any other person at any time, or the Revolving Credit Loans facility is otherwise terminated for any reason, then the entire unpaid principal balance of this Note, together with all accrued and unpaid interest hereon and the full amount of the applicable Success Fee, shall become immediately due and payable in full on the effective date of such termination, without presentment, notice or demand of any kind.

1.3 Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed, and shall be at the rate of three percentage (3%) points above the Prime Rate (as hereinafter defined), computed on the basis of a 360-day year; provided, however, upon the occurrence and during the continuance of an event of default (as hereinafter defined), interest shall accrue on the outstanding principal balance of this Note at a default rate (the "Default Rate") of five (5) percentage points above the Prime Rate, and shall be payable on demand. "Prime Rate" means, for any day, the rate of interest per annum (over a year of 360 days) announced by Citibank, N.A. (the "Bank"), from time to time, as its "base rate" (or any successor thereto) in effect on such day. The Prime Rate is not necessarily the lowest rate charged by the Bank. The applicable rate of interest assessed hereunder will be increased or decreased from time to time hereafter in an amount equal to any increase or decrease hereafter made by the Bank in the Prime Rate. A change in the Prime Rate shall be effective on the first day following such change.

## 2.0 EVENTS OF DEFAULTS; REMEDIES.

2.1 Upon the occurrence of any Event of Default under and as defined in the Loan Agreement, in addition to FINOVA's right to charge interest on the Obligations at the Default Rate: (a) at the option of FINOVA, the entire unpaid amount of all of the Obligations, shall become immediately due and payable without demand, notice or legal process of any kind; (b) FINOVA may, at its option, without demand, notice or legal process of any kind, exercise any and all rights and remedies granted to it by the Loan Agreement or by any other agreement now or hereafter existing between FINOVA and Borrower or between FINOVA and any guarantor of part or all of Borrower's liabilities to FINOVA; and (c) FINOVA may at its option exercise from time to time any other rights and remedies available to it under the Uniform Commercial Code or other law of the State of Arizona.

2.2 The remedies of FINOVA as provided herein and in the Loan Agreement shall be cumulative and concurrent, and may be pursued singularly, successively, or together, at the sole discretion of FINOVA. No act of omission or commission of FINOVA, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by FINOVA and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

## 3.0 GENERAL PROVISIONS.

3.1 Borrower warrants and represents to FINOVA that Borrower has used and will continue to use the loans and advances represented by this Note solely for proper business purposes, and consistent with all applicable laws and statutes.

3.2 This Note is secured by the Collateral described in the Loan Agreement.

3.3 Borrower waives presentment, demand and protest, notice of protest, notice of presentment and all other notices and demands in connection with the enforcement of FINOVA's rights hereunder, except as specifically provided and called for by this Note, and hereby consents to, and waives notice of, the release, addition, or substitution, with or without consideration, of any collateral or of any person liable for payment of this Note. Any failure of FINOVA to exercise any right available hereunder or otherwise shall not be construed as a waiver of the right to exercise the same or as a waiver of any other right at any other time.

3.4 If this Note is not paid when due or upon the occurrence of an Event of Default, Borrower further promises to pay all costs of collection, foreclosure fees, attorneys fees and expert witness fees incurred by FINOVA, whether or not suit is filed hereon, and the fees, costs and expenses as provided in the Loan Agreement.

3.5 The contracted for rate of interest of the loan contemplated hereby, without limitation, shall consist of the following: (i) the interest rate set forth on the Schedule, calculated and applied to the principal balance of this Note in accordance with the provisions of this Note; (ii) interest after an Event of Default, calculated and applied to the amounts due under this Note in accordance with the provisions hereof; and (iii) all Additional Sums (as herein defined), if any. Borrower agrees to pay an effective contracted for rate of interest which is the sum of the above-referenced elements. All examination fees, attorneys fees, expert witness fees, letter of credit fees, collateral monitoring fees, closing fees, facility fees, Minimum Interest Charges, other charges, goods, things in action or any other sums or things of value paid or payable by Borrower (collectively, the "Additional Sums"), whether pursuant to this Note, the Loan Agreement or any other documents or instruments in any way pertaining to this lending transaction, or otherwise with respect to this lending transaction, that under any applicable law may be deemed to be interest with respect to this lending transaction, for the purpose of any applicable law that may limit the maximum amount of interest to be charged with respect to this lending transaction, shall be payable by Borrower as, and shall be deemed to be, additional interest and for such purposes only, the agreed upon and "contracted for rate of interest" of this lending transaction shall be deemed to be increased by the rate of interest resulting from the inclusion of the Additional Sums.

3.6 It is the intent of the parties to comply with the usury law of the State of Arizona (the "Applicable Usury Law"). Accordingly, it is agreed that notwithstanding any provisions to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, in no event shall this Note or such documents require the payment or permit the collection of interest in excess of the maximum Interest Rate, then in any such event (1) the provisions of the paragraph shall govern and control, (2) neither Borrower nor any other

person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the Maximum Interest Rate, (3) any such excess which may have been collected shall be either applied as a credit against the then unpaid principal amount hereof or refunded to Borrower, at FINOVA's option, and (4) the effective rate of interest shall be automatically reduced to the Maximum Interest Rate. It is further agreed, without limiting the generality of the foregoing, that to the extent permitted by the Applicable Usury Law; (x) all calculations of interest which are made for the purpose of determining whether such rate would exceed the Maximum Interest Rate shall be made by amortizing, prorating, allocating and spreading during the period of the full stated term of the loan evidenced hereby, all interest at any time contracted for, charged or received from Borrower or otherwise in connection with such loan; and (y) in the event that the effective rate of interest on the loan should at any time exceed the Maximum Interest Rate, such excess interest that would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law shall be paid to FINOVA from time to time, if and when the effective interest rate on the loan otherwise fall below the Maximum Interest Rate, until the entire amount of interest which would otherwise have been collected had there been no ceiling imposed by the Applicable Usury Law has been paid in full. Borrower further agrees that should the Maximum Interest Rate be increased at any time hereafter because of a change in the Applicable Usury Law, then to the extent not prohibited by the Applicable Usury Law, such increases shall apply to all indebtedness evidenced hereby regardless of when incurred; but, again to the extent not prohibited by the Applicable Usury Law, should the maximum Interest Rate be decreased because of a change in the Applicable Usury Law, such decreases shall not apply to the indebtedness evidenced hereby regardless of when incurred.

3.7 FINOVA may at any time transfer this Note and FINOVA's rights in any or all collateral securing this Note, and FINOVA thereafter shall be relieved from all liability with respect to such collateral arising after the date of such transfer.

3.8 This Note shall be binding upon Borrower and its legal representatives, successors and assigns. Wherever possible, each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Note shall be prohibited by or invalid under such law, such provision shall be severable, and be ineffective to the extent of such prohibition or invalidity, without invalidating the remaining provision of this Note.

THIS NOTE HAS BEEN DELIVERED FOR ACCEPTANCE BY FINOVA IN PHOENIX, ARIZONA AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICTS OF LAW PROVISIONS) OF THE STATE OF ARIZONA, AS THE SAME MAY FROM TIME TO TIME BE IN EFFECT, INCLUDING, WITHOUT LIMITATION, THE UNIFORM COMMERCIAL CODE AS ADOPTED IN ARIZONA. BORROWER HEREBY (i) IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN MARICOPA COUNTY, ARIZONA OVER ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY MATTER ARISING FROM OR RELATED TO THIS NOTE; (ii) WAIVES PERSONAL SERVICE OF ANY

AND ALL PROCESS UPON BORROWER, AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY MESSENGER, CERTIFIED MAIL OR REGISTERED MAIL DIRECTED TO BORROWER AT THE ADDRESS SET FORTH BELOW AND SERVICE SO MADE SHALL BE DEEMED TO BE COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT OR THREE (3) DAYS AFTER THE SAME SHALL HAVE BEEN POSTED TO BORROWER'S ADDRESS; (iii) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT BORROWER MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF ANY SUCH ACTION OR PROCEEDING; (iv) AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN ANY OTHER JURISDICTION BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW; (v) AGREES NOT TO INSTITUTE ANY LEGAL ACTION OR PROCEEDING AGAINST FINOVA OR ANY OF FINOVA'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR PROPERTY, CONCERNING ANY MATTER ARISING OUT OF OR RELATING TO THIS NOTE IN ANY COURT OTHER THAN ONE LOCATED IN MARICOPA COUNTY, ARIZONA; AND (vi) IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS NOTE. NOTHING IN THIS PARAGRAPH SHALL AFFECT OR IMPAIR FINOVA'S RIGHT TO SERVE LEGAL PROCESS IN ANY MANNER PERMITTED BY LAW OR FINOVA'S RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR BORROWER'S PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION.

TEAMSTAFF, INC., a New Jersey Corporation  
Fed. Tax ID #22-1899798

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: President  
Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF SOLUTIONS, INC., a New Jersey Corporation  
Fed. Tax ID #:13-2878077

By: \_\_\_\_\_  
Name: Donald W. President  
Title: Chairman  
Address: 245 Fifth Avenue, Suite 1003, New York, New York 10016

6  
DSI STAFF CONNXIONS NORTHEAST, INC., a New Jersey Corporation  
Fed. Tax ID #: 22-3405060

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: President  
Address: 300 Atrium Drive, Somerset, New Jersey 08773

TEAMSTAFF RX, INC., a Texas Corporation  
Fed. Tax ID #: 76-0451040

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: President  
Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

DSI STAFF CONNXIONS-SOUTHWEST, INC., a Texas Corporation  
Fed. Tax ID #: 76-0422152

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: President  
Address: 2 Northpoint Drive, Suite 110, Houston, Texas 77060

TEAMSTAFF VI, INC., a Florida corporation  
Fed. Tax ID #: 59-2988438

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607



TEAMSTAFF I, INC., A Florida corporation  
Fed. Tax ID #: 59-3067619

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, II, INC., a Florida corporation  
Fed. Tax ID #: 59-3277121

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, III, INC., a Florida corporation  
Fed. Tax ID #: 59-3277124

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF, IV, INC., a Florida corporation  
Fed. Tax ID #: 59-3277126

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF V, INC., a Florida corporation  
Fed. Tax ID #: 59-3277127

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF IX, INC., a Florida corporation  
Fed. Tax ID #: 59-2988440

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF INSURANCE SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988436

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

TEAMSTAFF VIII, INC., a Florida corporation  
Fed. Tax ID #: 59-3236075

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607

EMPLOYER SUPPORT SERVICES, INC., a Florida corporation  
Fed. Tax ID #: 59-2988443

By: \_\_\_\_\_  
Name: Donald W. Kappauf  
Title: Chairman  
Address: 1211 N. Westshore Blvd., Suite 806, Tampa, FL 33607