AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 11, 2001
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-1
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

CROSS COUNTRY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	7363	13-4066229
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

6551 PARK OF COMMERCE BLVD, N.W.
SUITE 200
BOCA RATON, FL 33487
(561) 998-2232
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

JOSEPH A. BOSHART
PRESIDENT AND CHIEF EXECUTIVE OFFICER
CROSS COUNTRY, INC.
6551 PARK OF COMMERCE BLVD, N.W.
SUITE 200
BOCA RATON, FL 33487
(561) 998-2232
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES OF COMMUNICATIONS TO:

JULIE M. ALLEN, ESQ.	MICHAEL W. BLAIR, ESQ.
PROSKAUER ROSE LLP	DEBEVOISE & PLIMPTON
1585 BROADWAY	875 THIRD AVENUE
NEW YORK, NEW YORK 10036-8299	NEW YORK, NEW YORK 10022
(212) 969-3000	(212) 909-6000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO PUBLIC: As soon as practicable after the effective date of this registration statement.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. / /

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Common Stock, par value $.01 per share.....	$143,750,000	$35,938

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

This registration statement contains two separate prospectuses. The first prospectus relates to a public offering in the United States and Canada of an aggregate of shares of common stock. The second prospectus relates to a concurrent offering outside the United States and Canada of an aggregate of shares of common stock. The prospectuses for each of the U.S. offering and the international offering will be identical with the exception of an alternate front cover page, an alternate back cover page, and an alternate "Underwriting" section for the international offering. These alternate pages appear in this registration statement immediately following the complete prospectus for the U.S. offering.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED JULY 11, 2001

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

PROSPECTUS

SHARES

[LOGO]
CROSS COUNTRY, INC.

COMMON STOCK

This is Cross Country, Inc.'s initial public offering. We are selling all of the shares. The U.S. underwriters are offering shares in the U.S. and Canada and the international managers are offering shares outside the U.S. and Canada.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will be quoted on the Nasdaq National Market under the symbol CCRN.

INVESTING IN THE COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 9 OF THIS PROSPECTUS.

	PER SHARE	TOTAL
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Cross Country, Inc.	$	$

The U.S. underwriters may also purchase up to an additional shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments. The international managers may similarly purchase up to an additional shares from us.

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

The shares will be ready for delivery on or about , 2001.

MERRILL LYNCH & CO. SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LLC

ROBINSON-HUMPHREY

CIBC WORLD MARKETS

The date of this prospectus is , 2001.

[DESCRIPTION OF INSIDE FRONT COVER ARTWORK TO BE PROVIDED BY AMENDMENT.]

TABLE OF CONTENTS

You should rely on only the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date of the front cover of this prospectus or other date stated in this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY HIGHLIGHTS INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS. IT IS NOT COMPLETE AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK. YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY, ESPECIALLY THE RISKS OF INVESTING IN OUR COMMON STOCK DISCUSSED UNDER RISK FACTORS AND OUR CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES. UNLESS OTHERWISE SPECIFIED, ALL INFORMATION IN THIS PROSPECTUS ASSUMES NO EXERCISE OF THE UNDERWRITERS' OVER-ALLOTMENT OPTION. THE INFORMATION IN THIS PROSPECTUS WILL BE ADJUSTED TO REFLECT A FOR STOCK SPLIT, WHICH WILL BE APPROVED AND CONSUMMATED PRIOR TO THIS OFFERING.

CROSS COUNTRY, INC.

We are the largest provider of healthcare staffing services in the United States. Approximately 80% of our revenue is derived from travel nurse staffing. We also provide complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting and education and training. Our active client base includes over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. Our fees are paid directly by our clients rather than by government or other third-party payors. We are well positioned to take advantage of current industry dynamics, including the growing shortage of nurses in the United States, the growing demand for healthcare services and the trend among healthcare providers toward outsourcing staffing services. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce, Inc. and Heritage Professional Education, LLC, were $407.3 million and $51.1 million, respectively.

INDUSTRY DYNAMICS

The STAFFING INDUSTRY REPORT, an independent staffing industry publication, estimates that the healthcare segment of the temporary staffing market generated $7.2 billion in revenue in 2000 and that this segment will grow 18% to $8.5 billion in 2001.

Several trends are driving demand for our healthcare staffing services, including:

- A growing shortage of registered nurses throughout the country. A recent study published in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION projects that by 2020, the nationwide registered nurse workforce will be nearly 20% below projected requirements.

- Increasing demand for healthcare services as a result of the aging of the baby boomers and technological advances in healthcare delivery.

- Greater use of temporary staffing by healthcare providers to manage seasonal fluctuations in demand for their services. The use of temporary personnel enables providers to vary their staffing levels to match these changes in demand while avoiding the more costly alternative of hiring permanent staff.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- LEADER IN THE RAPIDLY GROWING NURSE STAFFING INDUSTRY. We have operated in the travel nurse staffing industry since the 1970s and have the leading brand name. Our Cross Country TravCorps brand is well recognized among leading healthcare providers and professionals. We believe that through our relationships with existing travel nurse staffing clients, we are positioned to market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training to our existing client base.

- STRONG AND DIVERSE CLIENT RELATIONSHIPS. We provide staffing solutions to an active client base of over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. We do not rely on any geographic region or client for a significant portion of our revenue. No single client accounted for more than 3% of our revenue in 2000. In 2000, we worked with over 75% of the nation's top hospitals, as identified by U.S. NEWS AND WORLD REPORT. We provide temporary staffing to our clients through assignments that typically have terms of 13 weeks or longer. Our fees are paid directly by our clients rather than by government or other third-party payors.

- LEADER IN RECRUITING AND EMPLOYEE RETENTION. We are a leader in the recruitment and retention of highly qualified healthcare professionals. We recruit healthcare professionals from all 50 states and Canada. In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. Employee referrals generate a majority of our new candidates. We believe we offer appealing assignments, competitive compensation packages, attractive housing options and other valuable benefits. Historically, approximately 70% of our nurses have accepted new assignments with us within 35 days of completion of previous assignments. In 2000, we were recognized by WORKING MOTHER MAGAZINE as a top 100 national employer of working mothers.

- SCALABLE AND EFFICIENT OPERATING STRUCTURE. We have an efficient centralized operating structure that includes a database of more than 146,000 nurses and other healthcare professionals who have completed job applications with us. Our size and centralized structure provide us with operating efficiencies in key areas such as recruiting, advertising, marketing, training, housing and insurance benefits. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. This system is designed to accommodate significant future growth of our business.

- STRONG MANAGEMENT TEAM WITH EXTENSIVE HEALTHCARE STAFFING AND ACQUISITION EXPERIENCE. Our management team, which averages 15 years of experience in the healthcare industry, has played a key role in the development of the travel nurse staffing industry. Our management team has consistently demonstrated the ability to successfully identify and integrate strategic acquisitions.

GROWTH STRATEGY

We intend to continue to grow our business by:

- ENHANCING OUR ABILITY TO FILL UNMET DEMAND FOR OUR TRAVEL STAFFING SERVICES. There is substantial unmet demand for our travel staffing services. We are striving to meet a greater portion of this demand by recruiting additional healthcare personnel. Our recruitment strategy for nurses and other healthcare professionals is focused on:

  - increasing referrals from existing field employees by providing them with superior service;

  - expanding our advertising presence to reach more nursing professionals;

  - using the internet to accelerate the recruitment-to-placement cycle;

  - increasing the number of staff dedicated to the recruitment of new nurses; and

  - developing Assignment America, our recruitment program for foreign-trained nurses residing abroad.

- INCREASING OUR MARKET PRESENCE IN THE PER DIEM STAFFING MARKET. We intend to use our existing brand recognition, client relationships and database of nurses who have expressed an interest in temporary assignments to expand our per diem services to the acute care hospital market. While

we have not historically had a significant presence in per diem staffing services, we believe that this market presents a substantial growth opportunity.

- EXPANDING THE RANGE OF SERVICES WE OFFER OUR CLIENTS. We plan to utilize our relationships with existing travel staffing clients to more effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training.

- ACQUIRING COMPLEMENTARY BUSINESSES. We intend to continue to evaluate opportunities to acquire complementary businesses to strengthen and broaden our market presence.

- INCREASING OPERATING EFFICIENCIES. We seek to increase our operating margins by increasing the productivity of our administrative personnel, using our purchasing power to achieve greater savings in key areas such as housing and benefits and continuing to invest in our information systems.

RECENT DEVELOPMENTS

In May 2001, we acquired Gill/Balsano Consulting, L.L.C., or Gill/Balsano, a management consulting firm focused on the rehabilitation services sector. In March 2001, we acquired ClinForce, Inc., or ClinForce, the clinical trials staffing subsidiary of Edgewater Technology, Inc. These acquisitions broaden the array of services that complement our core travel nurse staffing business.

In July 1999, an affiliate of Charterhouse Group International, Inc., or Charterhouse, and certain members of management acquired the assets of Cross Country Staffing, a Delaware partnership, our predecessor, from W. R. Grace & Co. In December 1999, we acquired TravCorps Corporation, or TravCorps, which was owned by funds managed by Morgan Stanley Private Equity and certain members of TravCorps' management.

We were incorporated in Delaware in 1999. Our principal executive offices are located at 6551 Park of Commerce Blvd, N.W., Suite 200, Boca Raton, FL 33487. Our telephone number at that address is (561) 998-2232. Our World Wide Web site address is www.crosscountry.com. Our website address is included in this prospectus as an inactive textual reference only. The information in our website is not intended to be incorporated into this prospectus by reference and should not be considered a part of this prospectus.

THE OFFERING

Common stock offered by Cross Country, Inc.:	
U.S. offering	shares
International offering	shares
Total	shares
Common stock outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $114.8 million. We intend to use these proceeds as follows: - approximately $75.6 million to repay indebtedness outstanding under our credit facility; and - approximately $39.2 million to redeem all of our senior subordinated notes and pay a redemption premium.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Nasdaq National Market symbol	CCRN

The number of shares outstanding after the offering excludes shares reserved for issuance under our stock option plans, of which options to purchase shares at a weighted average exercise price of $ have been granted.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The summary consolidated financial data for the five-month period July 30, 1999 to December 31, 1999 and for the year ended December 31, 2000 are derived from the audited consolidated financial statements of Cross Country, Inc., or Cross Country, included elsewhere in this prospectus. The summary financial data for the year ended December 31, 1998 and for the seven-month period January 1, 1999 to July 29, 1999 were derived from the audited financial statements of Cross Country Staffing, our predecessor company, included elsewhere in this prospectus.

The data for the three month periods ended March 31, 2000 and 2001 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2001.

The pro forma as adjusted consolidated statement of operations for the year ended December 31, 2000 and the three months ended March 31, 2001 are pro forma for the Heritage Professional Education, LLC, or Heritage, and ClinForce acquisitions and as adjusted for the offering and expected use of proceeds as if these events had occurred on January 1, 2000 and January 1, 2001, respectively. The as adjusted consolidated balance sheet data as of March 31, 2001 are as adjusted for the offering and expected use of proceeds as if these events had occurred on March 31, 2001.

The summary data below should be read in conjunction with the consolidated financial statements and related notes of Cross Country, Inc., Cross Country Staffing, TravCorps Corporation and Subsidiary, ClinForce, Inc., the "Pro Forma Condensed Consolidated Statement of Operations" and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds" and other financial information included elsewhere in this prospectus.

	PREDECESSOR(A)			YEAR ENDED DECEMBER 31,	
	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1 THROUGH JULY 29, 1999	PERIOD FROM JULY 30 THROUGH DECEMBER 31, 1999(B)	2000	PRO FORMA AS ADJUSTED 2000(C)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA					
Revenue from services....	$ 158,592	$ 106,047	$ 87,727	$ 367,690	$ 407,276
Operating expenses:					
Direct operating expenses.....	121,951	80,187	68,036	273,095	297,796
Selling, general and administrative expenses(e).....	19,070	12,688	9,257	49,027	57,840
Bad debt expense.....	722	157	511	433	543
Depreciation.....	264	212	155	1,324	1,459
Amortization.....	859	496	4,422	13,701	15,215
Non-recurring indirect transaction costs(f).....	--	--	--	1,289	1,289
Total operating expenses.....	142,866	93,740	82,381	338,869	374,142
Income from operations...	15,726	12,307	5,346	28,821	33,134
Other expenses:					
Interest expense, net.....	850	230	4,821	15,435	4,404
Other expenses.....	183	190	--	--	--
Income before income taxes and discontinued operations.....	14,693	11,887	525	13,386	28,730
Income tax expense(g).....	--	--	672	6,730	12,673
Income (loss) before discontinued operations.....	14,693	11,887	(147)	6,656	16,057
Discontinued operations:					
Loss from discontinued operations, net of income taxes(h).....	--	--	(195)	(1,604)	--
Loss on disposal(h)....	--	--	--	(454)	--
Net income (loss).....	$ 14,693	$ 11,887	$ (342)	$ 4,598	$ 16,057
Basic and diluted income (loss) per common share(i):					
Income (loss) before discontinued operations.....			$ (.06)	$ 1.66	$
Discontinued operations.....			(.07)	(.51)	
Net income (loss).....			$ (.13)	$ 1.15	$
Weighted-average number of shares outstanding:					
Basic and diluted....			2,635,895	3,999,998	

	THREE MONTHS ENDED MARCH 31,		
	2000	2001	PRO FORMA AS ADJUSTED 2001(D)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)		
CONSOLIDATED STATEMENT OF OPERATIONS DATA			
Revenue from services....	$ 89,584	$ 103,872	$ 111,565
Operating expenses:			
Direct operating expenses.....	67,063	79,002	84,352
Selling, general and			

administrative expenses(e)	12,054	14,175	15,781
Bad debt expense	234	420	420
Depreciation	309	518	553
Amortization	3,435	3,592	3,853
Non-recurring indirect transaction costs(f)	267	--	--
Total operating expenses	83,362	97,707	104,959
Income from operations	6,222	6,165	6,606
Other expenses:			
Interest expense, net	3,833	4,008	1,796
Other expenses	--	--	--
Income before income taxes and discontinued operations	2,389	2,157	4,810
Income tax expense(g)	1,202	1,085	2,106
Income (loss) before discontinued operations	1,187	1,072	2,704
Discontinued operations:			
Loss from discontinued operations, net of income taxes(h)	(286)	(440)	--
Loss on disposal(h)	--	(623)	--
Net income (loss)	$ 901	$ 9	$ 2,704
Basic and diluted income (loss) per common share(i):			
Income (loss) before discontinued operations	$ .30	$ .27	$
Discontinued operations	(.07)	(.27)	
Net income (loss)	$ .23	$ --	$
Weighted-average number of shares outstanding:			
Basic and diluted	3,999,998	3,999,998	

	PREDECESSOR(A)			YEAR ENDED DECEMBER 31,		THREE MONTHS ENDED MARCH 31,		
	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1 THROUGH JULY 29, 1999	PERIOD FROM JULY 30 THROUGH DECEMBER 31, 1999(B)	2000	PRO FORMA AS ADJUSTED 2000(C)	2000	2001	PRO FORMA AS ADJUSTED 2001(D)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)							
OTHER OPERATING DATA								
EBITDA(j)	$ 16,849	$ 13,015	$ 9,923	$ 45,135	$ 51,097	$ 10,233	$ 10,275	$ 11,012
EBITDA as a % of revenue	10.6%	12.3%	11.3%	12.3%	12.5%	11.4%	9.9%	9.9%
FTE's(k)	2,264	2,466	2,789	4,167	4,452	4,289	4,361	4,631
Weeks worked(l)	117,728	73,980	61,358	216,684	231,504	55,757	56,687	60,203
Average contract revenue per week(m)	$ 1,347	$ 1,429	$ 1,417	$ 1,616	$ 1,638	$ 1,544	$ 1,698	$ 1,727
Net cash flow provided by (used in) operating activities	$ 14,434	$ 12,178	$ 6,301	$ 10,397		$ 3,286	$ 5,009	
Net cash flow provided by (used in) investing activities	$ (977)	$ (202)	$ 1,380	$ (9,584)		$ (506)	$ (32,605)	
Net cash flow provided by (used in) financing activities	$ (13,458)	$ (11,977)	$ (3,111)	$ (5,641)		$ (7,417)	$ 27,596	

	AS OF MARCH 31, 2001	
	ACTUAL	AS ADJUSTED(N)
	(DOLLARS IN THOUSANDS)	
CONSOLIDATED BALANCE SHEET DATA		
Working capital	$ 37,691	$ 37,691
Cash and cash equivalents	--	--
Total assets	349,926	342,872
Total debt	186,883	75,799
Stockholders' equity	$ 122,424	$ 231,937

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(a) On July 29, 1999, we acquired the assets of Cross Country Staffing which, for accounting and reporting purposes, is our predecessor. Financial data for periods prior to July 30, 1999 is that of Cross Country Staffing.

(b) Includes TravCorps results from December 16, 1999, the date of its acquisition, through December 31, 1999.

(c) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense of $0.9 million related to $34.0 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $11.0 million as a result of the repayment of $35.5 million of senior subordinated debt (12.00% interest rate) and $77.3 million of borrowings outstanding under our credit facility using the weighted average rate in effect during the year ended December 31, 2000 (9.74%); and

- additional income tax expense of $5.9 million as a result of the above adjustments.

(d) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2001:

- additional amortization expense of $0.2 million related to $34.0 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $2.2 million as a result of the repayment of $36.6 million of senior subordinated debt (12.0% interest rate) and $75.6 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the three months ended March 31, 2001 (9.27%); and

- additional income tax expense of $1.0 million as a result of the above adjustments.

(e) Includes expenses related to a discontinued management incentive compensation plan of $2.1 million and $2.7 million for the seven-month period January 1-July 29, 1999 and the year ended December 31, 1998, respectively. The management incentive compensation plan was discontinued on July 30, 1999.

(f) Non-recurring indirect transaction costs consist of non-capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

(g) Prior to July 30, 1999, our predecessor, Cross Country Staffing, operated as a partnership under the applicable provisions of the Internal Revenue Code, and, accordingly, income related to the operations of Cross Country Staffing was taxed directly to its partners.

(h) Reflects the operating results of HospitalHub, Inc., which began operations in 1999. We completed the divestiture of HospitalHub, Inc. during the second quarter of 2001.

(i) The financial data contained herein for periods prior to July 30, 1999, is that of our predecessor, Cross Country Staffing, a partnership, for which share and per share amounts were not applicable.

(j) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(k) FTE's represent the average number of contract staffing personnel on a full-time equivalent basis.

(l) Weeks worked is calculated by multiplying the FTE's by the number of weeks during the respective period.

(m) Average contract revenue per week is calculated by dividing the revenue received under our staffing contracts by the number of weeks worked during the respective period.

(n) Reflects the following adjustments as if the offering had occurred on March 31, 2001:

- increase in stockholders' equity of $114.8 million from the offering.

- repayment of $36.6 million of senior subordinated debt, plus a $1.5 million redemption premium, and repayment of $75.6 million of borrowings outstanding under our credit facility.

RISKS RELATED TO OUR BUSINESS

CURRENTLY WE ARE UNABLE TO RECRUIT ENOUGH NURSES TO MEET OUR CLIENTS' DEMANDS FOR OUR NURSE STAFFING SERVICES, LIMITING THE POTENTIAL GROWTH OF OUR STAFFING BUSINESS.

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

THE COSTS OF ATTRACTING AND RETAINING QUALIFIED NURSES AND OTHER HEALTHCARE PERSONNEL MAY RISE MORE THAN WE ANTICIPATE.

We compete with other healthcare staffing companies for qualified nurses and other healthcare personnel. Because there is currently a shortage of qualified healthcare personnel, competition for these employees is intense. To induce healthcare personnel to sign on with them, our competitors may increase hourly wages or other benefits. If we do not raise wages in response to such increases by our competitors, we could face difficulties attracting and retaining qualified healthcare personnel. In addition, if we raise wages in response to our competitors' wage increases and are unable to pass such cost increases on to our clients, our margins could decline.

OUR COSTS OF PROVIDING HOUSING FOR NURSES AND OTHER HEALTHCARE PERSONNEL MAY BE HIGHER THAN WE ANTICIPATE AND, AS A RESULT, OUR MARGINS COULD DECLINE.

We currently have approximately 2,900 apartments on lease throughout the U.S. If the costs of renting apartments and furniture for our nurses and other healthcare personnel increase more than we anticipate and we are unable to pass such increases on to our clients, our margins may decline. To the extent the length of a nurse's housing lease exceeds the term of the nurse's staffing contract, we bear the risk that we will be obligated to pay rent for housing we do not use. To limit the costs of unutilized housing, we try to secure leases with term lengths that match the term lengths of our staffing contracts, typically 13 weeks. In some housing markets we have had, and believe we will continue to have, difficulty identifying short-term leases. If we cannot identify a sufficient number of appropriate short-term leases in regional markets, or, if for any reason, we are unable to efficiently utilize the apartments we do lease, we may be required to pay rent for unutilized housing or, to avoid such risk, we may forego otherwise profitable opportunities.

DECREASES IN PATIENT OCCUPANCY AT OUR CLIENTS' FACILITIES MAY ADVERSELY AFFECT THE PROFITABILITY OF OUR BUSINESS.

Demand for our temporary healthcare staffing services is significantly affected by the general level of patient occupancy at our clients' facilities. When a hospital's occupancy increases, temporary employees are often added before full-time employees are hired. As occupancy decreases, clients may reduce their use of temporary employees before undertaking layoffs of their regular employees. We also may experience more competitive pricing pressure during periods of occupancy downturn. In addition, if a trend emerges toward providing healthcare in alternative settings, as opposed to acute care hospitals, occupancy at our clients' facilities could decline. This reduction in occupancy could adversely affect the demand for our services and our profitability.

WE ARE DEPENDENT ON THE PROPER FUNCTIONING OF OUR INFORMATION SYSTEMS.

Our company is dependent on the proper functioning of our information systems in operating our business. Critical information systems used in daily operations identify and match staffing resources and client assignments and perform billing and accounts receivable functions. Our information systems are protected through physical and software safeguards and we have backup remote processing capabilities. However, they are still vulnerable to fire, storm, flood, power loss, telecommunications failures, physical or software break-ins and similar events. In the event that critical information systems fail or are otherwise unavailable, these functions would have to be accomplished manually, which could temporarily impact our ability to identify business opportunities quickly, to maintain billing and clinical records reliably and to bill for services efficiently.

WE MAY EXPERIENCE DIFFICULTIES WITH OUR RECENTLY IMPLEMENTED FINANCIAL PLANNING AND REPORTING SYSTEM.

In March 2001, we implemented a new financial planning and reporting system. We may face difficulties or incur additional costs integrating data, including data from companies acquired by us, to make it compatible with the new system. If we experience difficulties with our system, our ability to generate timely and accurate financial reports could be adversely affected.

IF REGULATIONS THAT APPLY TO US CHANGE, WE MAY FACE INCREASED COSTS THAT REDUCE OUR REVENUE AND PROFITABILITY.

The temporary healthcare staffing industry is regulated in many states. In some states, firms such as our company must be registered to establish and advertise as a nurse staffing agency or must qualify for an exemption from registration in those states. If we were to lose any required state licenses, we could be required to cease operating in those states. The introduction of new regulatory provisions could substantially raise the costs associated with hiring temporary employees. For example, some states could impose sales taxes or increase sales tax rates on temporary healthcare staffing services. These increased costs may not be able to be passed on to clients without a decrease in demand for temporary employees. In addition, if government regulations were implemented that limited the amounts we could charge for our services, our profitability could be adversely affected.

FUTURE CHANGES IN REIMBURSEMENT TRENDS COULD HAMPER OUR CLIENTS' ABILITY TO PAY US.

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

COMPETITION FOR ACQUISITION OPPORTUNITIES MAY RESTRICT OUR FUTURE GROWTH BY LIMITING OUR ABILITY TO MAKE ACQUISITIONS AT REASONABLE VALUATIONS.

Our business strategy includes increasing our market share and presence in the temporary healthcare staffing industry through strategic acquisitions of companies that complement or enhance our business. We have historically faced competition for acquisitions. In the future, this could limit our ability to grow by acquisitions or could raise the prices of acquisitions and make them less accretive to us. In addition, restrictive covenants in our credit facility, including a covenant that requires us to obtain bank approval for any acquisition over $10 million, may limit our ability to complete desirable acquisitions. If we are unable to secure necessary financing under our credit facility or otherwise, we may be unable to complete desirable acquisitions.

WE MAY FACE DIFFICULTIES INTEGRATING OUR ACQUISITIONS INTO OUR OPERATIONS AND OUR ACQUISITIONS MAY BE UNSUCCESSFUL, INVOLVE SIGNIFICANT CASH EXPENDITURES OR EXPOSE US TO UNFORESEEN LIABILITIES.

We expect to continue pursuing acquisitions of temporary healthcare staffing companies and travel healthcare companies that complement or enhance our business.

These acquisitions involve numerous risks, including:

- potential loss of key employees or clients of acquired companies;

- difficulties integrating acquired personnel and distinct cultures into our business;

- difficulties integrating acquired companies into our operating, financial planning and financial reporting systems;

- diversion of management attention from existing operations; and

- assumption of liabilities and exposure to unforeseen liabilities of acquired companies, including liabilities for their failure to comply with healthcare regulations.

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

SIGNIFICANT LEGAL ACTIONS COULD SUBJECT US TO SUBSTANTIAL UNINSURED LIABILITIES.

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

IF WE BECOME SUBJECT TO MATERIAL LIABILITIES UNDER OUR SELF-INSURED PROGRAMS, OUR FINANCIAL RESULTS MAY BE ADVERSELY AFFECTED.

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

OUR CLIENTS MAY TERMINATE OR NOT RENEW THEIR STAFFING CONTRACTS WITH US.

Our travel staffing arrangements with clients are generally terminable upon 30 or 90 days' notice. We may have fixed costs, including housing costs, associated with terminated arrangements that we will be obligated to pay post-termination.

Our clinical trials staffing business is conducted under long-term contracts with individual clients that may conduct numerous clinical trials. Some of these long-term contracts are terminable by the clients without cause upon 30 to 60 days notice.

OUR INDEMNITY FROM W. R. GRACE, IN CONNECTION WITH OUR ACQUISITION OF THE ASSETS OF CROSS COUNTRY STAFFING, MAY BE MATERIALLY IMPAIRED BY GRACE'S FINANCIAL CONDITION.

In connection with our acquisition from W. R. Grace & Co. of the assets of Cross Country Staffing, our predecessor, Grace agreed to indemnify us against damages arising out of the breach of any representation or warranty of Grace, as well as against any liabilities retained by Grace. In March 2001, Grace filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code. This bankruptcy filing could materially impair Grace's obligations to indemnify us.

RISKS RELATED TO THIS OFFERING

BECAUSE OUR PRINCIPAL STOCKHOLDERS CONTROL US, THEY WILL BE ABLE TO DETERMINE THE OUTCOME OF ALL MATTERS SUBMITTED TO OUR STOCKHOLDERS FOR APPROVAL, REGARDLESS OF THE PREFERENCES OF OTHER STOCKHOLDERS.

Following this offering, Charterhouse Equity Partners III, or CEP III, and investment funds managed by Morgan Stanley Private Equity together will own approximately % of our outstanding common stock. Accordingly, acting together, they will be able to:

- elect our entire board of directors;

- control our management and policies; and

- determine, without the consent of our other stockholders, the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets.

CEP III and investment funds managed by Morgan Stanley Private Equity, acting together, will also be able to prevent or cause a change in control of us and will be able to amend our certificate of incorporation and bylaws at any time. Their interests may conflict with the interests of the other holders of common stock.

YOU WILL EXPERIENCE IMMEDIATE AND SIGNIFICANT DILUTION IN BOOK VALUE PER SHARE.

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our outstanding common stock will be immediately after this offering. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of shares outstanding. If you purchase our common stock in this offering, you will incur immediate dilution of approximately $ in the net tangible book value per share of common stock in this offering, based on an assumed initial public offering price of $ per share.

We also have a significant number of outstanding options to purchase our common stock with exercise prices significantly below the initial public offering price of the common stock. To the extent these options are exercised, there will be further dilution.

AN AGGREGATE OF APPROXIMATELY MILLION SHARES WILL BECOME ELIGIBLE FOR RESALE IN THE PUBLIC MARKET 180 DAYS AFTER THIS OFFERING, AND FUTURE SALES OF THIS STOCK MAY CAUSE OUR STOCK PRICE TO DECLINE.

Sales of substantial amounts of our common stock in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of our common stock and could materially impair our future ability to raise capital through offerings of our common stock. An aggregate of shares of common stock will be outstanding after this offering. Of these, the shares offered by this prospectus will be freely tradable without restriction or further registration.

In connection with this offering, we and our officers, directors and substantially all of our existing stockholders, who together hold shares, have agreed not to sell or transfer any shares of our common stock for 180 days after completion of this offering without the underwriters' consent. While

the underwriters may release these shares from the restrictions at any time, this will be done, if at all, only on a case-by-case basis. The underwriters do not currently have any intention of consenting to a waiver of these restrictions.

CEP III and investment funds managed by Morgan Stanley Private Equity each have demand rights to cause us to file, at our expense, a registration statement under the Securities Act covering resales of their shares. These shares, along with shares held by others who can participate in the registrations, will represent % of our outstanding common stock after the offering. CEP III and the investment funds of Morgan Stanley Private Equity have informed us that they do not presently intend to exercise their demand registration rights, although they retain the right to do so. These shares may also be sold under Rule 144 of the Securities Act, depending on their holding period and subject to significant restrictions in the case of shares held by persons deemed to be our affiliates.

In addition, after this offering, we also intend to register shares of common stock for issuance under our stock option plans. As of March 31, 2001, options to purchase shares of common stock were issued and outstanding, of which shares have vested.

We cannot predict what effect, if any, market sales of shares held by any stockholder or the availability of these shares for future sale will have on the market price of our common stock. See "Shares Eligible for Future Sale" for a more detailed description of the restrictions on selling shares of our common stock after this offering.

IF OUR STOCK PRICE DECLINES AFTER THE INITIAL OFFERING, YOU COULD LOSE A SIGNIFICANT PART OF YOUR INVESTMENT.

Prior to this offering, there has been no public market for our common stock. We do not know if an active trading market will develop for our common stock or how the common stock will trade in the future. Negotiations between the underwriters and us will determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to fluctuations in the market price of our common stock due to changes in our operating performance or prospects. In addition, the stock market in general has experienced extreme volatility that often has been unrelated to the operating performance or prospects of particular companies.

IF PROVISIONS IN OUR CORPORATE DOCUMENTS AND DELAWARE LAW DELAY OR PREVENT A CHANGE IN CONTROL OF OUR COMPANY, WE MAY BE UNABLE TO CONSUMMATE A TRANSACTION THAT OUR STOCKHOLDERS CONSIDER FAVORABLE.

Our certificate of incorporation and by-laws may discourage, delay or prevent a merger or acquisition involving us that our stockholders may consider favorable. For example, our certificate of incorporation authorizes our board of directors, which is controlled by CEP III and investment funds managed by Morgan Stanley Private Equity, to issue up to shares of "blank check" preferred stock. Without stockholder approval, the board of directors has the authority to attach special rights, including voting and dividend rights, to this preferred stock. With these rights, preferred stockholders could make it more difficult for a third party to acquire us. Delaware law may also discourage, delay or prevent someone from acquiring or merging with us.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the matters discussed in this prospectus include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include the following:

- our ability to attract and retain qualified nurses and other healthcare personnel;
- costs and availability of short-term leases for our travel nurses;
- demand for the healthcare services we provide, both nationally and in the regions in which we operate;
- the functioning of our information systems;
- the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business;
- our clients' ability to pay us for our services;
- our ability to successfully implement our acquisition and development strategies;
- the effect of liabilities and other claims asserted against us; and
- the effect of competition in the markets we serve.

Although we believe that these statements are based upon reasonable assumptions, we can not guarantee future results. Given these uncertainties, the forward-looking statements discussed in this prospectus might not occur. These forward-looking statements are made as of the date of this prospectus. Except as may be required under applicable statutes, regulations or court decisions, we undertake no obligation to update or revise them.

USE OF PROCEEDS

We estimate that our net proceeds from the offering will be $114.8 million, assuming an initial offering price of $ per share and after deducting estimated expenses and underwriting discounts and commissions of $10.3 million. We intend to use the net proceeds of this offering to make the following payments:

- approximately $75.6 million to repay a portion of the outstanding balances under our credit facility, which becomes due on July 29, 2005. As of July 1, 2001, the outstanding balance of principal and interest on our credit facility was approximately $146.9 million and the effective interest rate was 7.86%. On March 16, 2001, to finance our acquisition of ClinForce, we amended our credit facility to provide for an additional term loan in the aggregate principal amount of $30.0 million; and

- approximately $39.2 million to redeem all of our outstanding senior subordinated notes and pay a redemption premium. The senior subordinated notes accrue interest at a rate of 12.00% per annum, compounded quarterly, and become due on January 1, 2006. As of July 1, 2001, the outstanding balance of principal and interest on the senior subordinated notes was $37.7 million.

If the underwriters' over-allotment option is exercised in full, we estimate that our net proceeds will be $132.2 million. Any additional net proceeds will be used to repay additional indebtedness under our credit facility.

DIVIDEND POLICY

We have not declared or paid any cash dividends on our capital stock. We currently intend to retain future earnings, if any, for use in the operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. In addition, covenants in our credit facility limit our ability to declare and pay cash dividends on our common stock.

CAPITALIZATION

The following table shows our capitalization as of March 31, 2001:

- on an actual basis; and

- on an as adjusted basis to give effect to the sale of shares of our common stock at an assumed public offering price of per share and the application of the net proceeds of the offering to repay a portion of our outstanding debt. See "Use of Proceeds."

In addition, you should read the following table in conjunction with our consolidated financial statements and the accompanying notes which are contained elsewhere in this prospectus.

	AS OF MARCH 31, 2001	
	ACTUAL	AS ADJUSTED(A)
	(IN THOUSANDS)	
Long term debt:		
Revolving loan facility	$ 9,150	$ --
Term loan	141,780	75,337
12.00% senior subordinated pay-in-kind notes due 2006(b)	36,554	--
Note payable	462	462
Total debt	187,946	75,799
Less current maturities	12,861	12,861
Total long-term debt	175,085	62,938
Stockholders' equity:		
Undesignated preferred stock, $ par value, shares authorized, none issued and outstanding--actual and as adjusted	--	--
Common stock, $ par value; shares authorized, shares issued and outstanding--actual, shares authorized, shares issued and outstanding--as adjusted(c)	40	40
Additional paid-in capital	119,043	233,793
Retained earnings(d)	4,265	(972)
Accumulated other comprehensive earnings	(924)	(924)
Total stockholders' equity	122,424	231,937
Total capitalization	$ 297,509	$ 294,875

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(a) As adjusted amounts do not include the use of $1.1 million of proceeds to repay pay-in-kind notes issued between March 31, 2001 and July 1, 2001, and a related redemption premium.

(b) Actual amount includes $1.1 million of interest accrued between January 1, 2001 and March 31, 2001.

(c) Gives effect to conversion of 131,053 shares of Class B common stock ($.01 par value) into a like amount of Class A common shares.

(d) As adjusted amount includes the effects of a $1.5 million redemption premium associated with the prepayment of our pay-in-kind notes and the write-off of $7.1 million of related debt issuance costs as of March 31, 2001, net of taxes.

DILUTION

Our net tangible book deficit as of March 31, 2001, was approximately $137.5 million, or $ per share of common stock. Net tangible book deficit is the difference between our total tangible assets and our total liabilities. We determined the net tangible book deficit per share by dividing our net tangible book deficit by the total number of shares of common stock outstanding. After giving effect to the issuance and sale of the shares of common stock offered by us in the offering at an assumed initial offering price of $ per share, and after deducting estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book deficit as of March 31, 2001 would have been approximately $24.2 million, or $ per share of common stock. This represents an immediate decrease in net tangible book deficit of $ per share to existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of common stock in the offering. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share.....		$
Net tangible book deficit per share as of March 31, 2001.....	$	
Decrease in net tangible book deficit per share attributable to new investors.....		
Pro forma net tangible book deficit per share after the offering.....		
Dilution per share to new investors.....		$

If the underwriters' over-allotment option is exercised in full, the pro forma net tangible book deficit per share after the offering would be $ per share, the decrease in net tangible book deficit per share to existing shareholders would be $ per share and the dilution in net tangible book value to new investors would be $ per share.

The following table sets forth, as of March 31, 2001, the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid by our existing stockholders and to be paid by new investors in the offering at $, before deduction of estimated underwriting discounts and commissions and other expenses of the offering:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders.....		%	$	%	$
New investors.....					
Total.....		100.0%	$	100.0%	$

The foregoing discussion and table assume no exercise of any outstanding stock options to purchase common stock. As of March 31, 2001 there were shares of common stock issuable upon the exercise of stock options outstanding at a weighted average exercise price of $. To the extent these options are exercised, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected consolidated financial data as of December 31, 1999 and 2000 and for the five-month period July 30, 1999 to December 31, 1999 and for the year ended December 31, 2000 are derived from the audited consolidated financial statements of Cross Country, Inc. included elsewhere in this prospectus. The selected financial data as of December 31, 1998 and July 29, 1999 and for the year ended December 31, 1998 and for the seven-month period January 1, 1999 to July 29, 1999 have been derived from the audited financial statements of Cross Country Staffing, included elsewhere in this prospectus. The selected financial data as of December 31, 1996 and 1997 and for the period from July 1, 1996 to December 31, 1996 and for the year ended December 31, 1997 were derived from the financial statements of Cross Country Staffing that have been audited but not included in this prospectus. The selected financial data as of June 30, 1996 and for the period from January 1, 1996 to June 30, 1996 are derived from the unaudited consolidated financial statements of Cross Country Staffing.

The data as of March 31, 2001 and for the three month periods ended March 31, 2000 and 2001 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements include all adjustments, consisting of normal recurring accruals, which we consider necessary for a fair presentation of our financial position and results of operations for these periods. Operating results for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2001.

The pro forma as adjusted consolidated statement of operations for the year ended December 31, 2000 and the three months ended March 31, 2001 are pro forma for the Heritage and ClinForce acquisitions and as adjusted for the offering and expected use of proceeds as if these events had occurred on January 1, 2000 and January 1, 2001, respectively. The as adjusted consolidated balance sheet data as of March 31, 2001 are as adjusted for the offering and expected use of proceeds as if these events had occurred on March 31, 2001.

The selected consolidated financial data below should be read in conjunction with the consolidated financial statements and related notes of Cross Country, Inc., Cross Country Staffing, TravCorps Corporation and Subsidiary, ClinForce, Inc., the "Pro Forma Condensed Consolidated Statement of Operations" and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included elsewhere in this prospectus.

	PREDECESSOR(A)			
	PERIOD FROM JANUARY 1 THROUGH JUNE 30, 1996	PERIOD FROM JULY 1 THROUGH DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	1998
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)			
CONSOLIDATED STATEMENT OF OPERATIONS DATA				
Revenue from services	$ 65,045	$ 59,209	$ 138,560	$ 158,592
Operating expenses:				
Direct operating expenses	52,061	46,617	108,726	121,951
Selling, general and administrative expenses(d)	7,595	7,378	16,051	19,070
Bad debt expense	144	437	624	722
Depreciation	126	83	150	264
Amortization	536	446	875	859
Non-recurring indirect transaction costs(e)	--	--	--	--
Total operating expenses	60,462	54,961	126,426	142,866
Income from operations	4,583	4,248	12,134	15,726
Other (income) expenses:				
Interest expense, net	2,602	1,169	1,647	850
Other (income) expenses	(1,328)	299	37	183
Income before income taxes and discontinued operations	3,309	2,780	10,450	14,693
Income tax expense(f)	--	--	--	--
Income (loss) before discontinued operations	3,309	2,780	10,450	14,693
Discontinued operations:				
Loss from discontinued operations, net of income taxes(g)	--	--	--	--
Loss on disposal(g)	--	--	--	--
Net income (loss)	$ 3,309	$ 2,780	$ 10,450	$ 14,693
Basic and diluted income (loss) per common share(h):				
Income (loss) before discontinued operations				
Discontinued operations				
Net income (loss)				
Weighted-average number of shares outstanding				
OTHER OPERATING DATA				
EBITDA(i)	$ 5,245	$ 4,777	$ 13,159	$ 16,849
EBITDA as % of revenue	8.1%	8.1%	9.5%	10.6%
FTE's(j)	2,100	1,846	2,102	2,264
Weeks worked(k)	54,596	47,996	109,313	117,728
Average contract revenue per week(l)	$ 1,191	$ 1,234	$ 1,268	$ 1,347
Net cash flow provided by (used in) operating activities	$ 309	$ 3,875	$ 12,374	$ 14,434
Net cash flow provided by (used in) investing activities	$ (75)	$ (89)	$ (309)	$ (977)
Net cash flow provided by (used in) financing activities	$ (977)	$ (3,854)	$ (12,064)	$ (13,458)

	PREDECESSOR(A)			
	PERIOD FROM JANUARY 1 THROUGH JULY 29, 1999	PERIOD FROM JULY 30 THROUGH DECEMBER 31, 1999(B)	YEAR ENDED DECEMBER 31, 2000	PRO FORMA AS ADJUSTED 2000(C)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)			
CONSOLIDATED STATEMENT OF OPERATIONS DATA				
Revenue from services	$ 106,047	$ 87,727	$ 367,690	$ 407,276
Operating expenses:				
Direct operating expenses	80,187	68,036	273,095	297,796
Selling, general and administrative expenses(d)	12,688	9,257	49,027	57,840
Bad debt expense	157	511	433	543
Depreciation	212	155	1,324	1,459
Amortization	496	4,422	13,701	15,215
Non-recurring indirect transaction costs(e)	--	--	1,289	1,289
Total operating expenses	93,740	82,381	338,869	374,142
Income from operations	12,307	5,346	28,821	33,134
Other (income) expenses:				

Interest expense, net	230	4,821	15,435	4,404
Other (income) expenses	190	--	--	--
Income before income taxes and discontinued operations	11,887	525	13,386	28,730
Income tax expense(f)	--	672	6,730	12,673
Income (loss) before discontinued operations	11,887	(147)	6,656	16,057
Discontinued operations:				
Loss from discontinued operations, net of income taxes(g)	--	(195)	(1,604)	--
Loss on disposal(g)	--	--	(454)	--
Net income (loss)	$ 11,887	$ (342)	$ 4,598	$ 16,057
Basic and diluted income (loss) per common share(h):				
Income (loss) before discontinued operations		$ (.06)	$ 1.66	
Discontinued operations		(.07)	(.51)	
Net income (loss)		$ (.13)	$ 1.15	
Weighted-average number of shares outstanding		2,635,895	3,999,998	
OTHER OPERATING DATA				
EBITDA(i)	$ 13,015	$ 9,923	$ 45,135	$ 51,097
EBITDA as % of revenue	12.3%	11.3%	12.3%	12.5%
FTE's(j)	2,466	2,789	4,167	4,452
Weeks worked(k)	73,980	61,358	216,684	231,504
Average contract revenue per week(l)	$ 1,429	$ 1,417	$ 1,616	$ 1,638
Net cash flow provided by (used in) operating activities	$ 12,178	$ 6,301	$ 10,397	
Net cash flow provided by (used in) investing activities	$ (202)	$ 1,380	$ (9,584)	
Net cash flow provided by (used in) financing activities	$ (11,977)	$ (3,111)	$ (5,641)	

		AS OF DECEMBER 31,			
	AS OF JUNE 30, 1996	1996	1997	1998	AS OF JULY 29, 1999
CONSOLIDATED BALANCE SHEET DATA					
Working capital	$ 2,061	$ 12,710	$ 12,372	$ 12,871	$ 9,752
Cash and cash equivalents	(1,476)	--	1	--	--
Total assets	27,305	34,933	36,080	41,901	44,464
Total debt	45,045	30,280	18,700	13,173	7,874
Stockholders' equity(m)	(24,738)	(2,471)	7,122	13,451	19,466

	AS OF DECEMBER 31,	
	1999	2000
CONSOLIDATED BALANCE SHEET DATA		
Working capital	$ 33,998	$ 34,375
Cash and cash equivalents	4,828	--
Total assets	309,695	317,626
Total debt	159,074	157,272
Stockholders' equity(m)	118,742	123,340

	THREE MONTHS ENDED MARCH 31,		
	2000	2001	PRO FORMA AS ADJUSTED 2001(N)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)		
CONSOLIDATED STATEMENT OF OPERATIONS DATA			
Revenue from services	$ 89,584	$ 103,872	$ 111,565
Operating expenses:			
Direct operating expenses	67,063	79,002	84,352
Selling, general and administrative expenses	12,054	14,175	15,781
Bad debt expense	234	420	420
Depreciation	309	518	553
Amortization	3,435	3,592	3,853
Non-recurring indirect transaction costs(e)	267	--	--
Total operating expenses	83,362	97,707	104,959
Income from operations	6,222	6,165	6,606
Other expenses:			
Interest expense, net	3,833	4,008	1,796
Income before income taxes and discontinued operations	2,389	2,157	4,810
Income tax expense(f)	1,202	1,085	2,106
Income before discontinued operations	1,187	1,072	2,704
Discontinued operations:			
Loss from discontinued operations, net of income taxes	(286)	(440)	--
Loss on disposal	--	(623)	--
Net income	$ 901	$ 9	$ 2,704
Basic and diluted income (loss) per common share(h):			
Income before discontinued operations	$ .30	$ .27	$
Discontinued operations	(.07)	(.27)	
Net income	$ .23	$ --	$
Weighted-average number of shares outstanding	3,999,998	3,999,998	
OTHER OPERATING DATA			
EBITDA(i)	$ 10,233	$ 10,275	$ 11,012
EBITDA as a % of revenue	11.4%	9.9%	9.9%
FTE's(j)	4,289	4,361	4,631
Weeks worked(k)	55,757	56,687	60,203
Average contract revenue per week(l)	$ 1,544	$ 1,698	$ 1,727
Net cash flow provided by (used in) operating activities	3,286	5,009	
Net cash flow provided by (used in) investing activities	(506)	(32,605)	
Net cash flow provided by (used in) financing activities	$ (7,417)	$ 27,596	

	AS OF MARCH 31, 2001	
	ACTUAL	AS ADJUSTED(O)
CONSOLIDATED BALANCE SHEET DATA		
Working capital	$ 37,691	37,691
Cash and cash equivalents	--	--
Total assets	349,926	342,872
Total debt	186,883	75,799
Stockholders' equity	$ 122,424	$ 231,937

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(a) On July 29, 1999, we acquired the assets of Cross Country Staffing which, for accounting and reporting purposes, is our predecessor. Financial data for periods prior to July 30, 1999 is that of Cross Country Staffing.

(b) Includes TravCorps results from December 16, 1999, the date of its acquisition, through December 31, 1999.

(c) Reflects the following adjustments as if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2000:

- additional amortization expense of $0.9 million related to $34.0 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $11.0 million as a result of the repayment of $35.5 million of senior subordinated debt (12.0% interest rate) and $77.3 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the year ended December 31, 2000 (9.74%); and

- additional income tax expense of $5.9 million as a result of the above adjustments.

(d) Includes expenses related to a discontinued management incentive compensation plan of $2.1 million and $2.7 million for the seven-month period January 1-July 29, 1999 and the year ended December 31, 1998. The management incentive compensation plan was discontinued on July 30, 1999.

(e) Non-recurring indirect transaction costs consist of non capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

(f) Prior to July 30, 1999, our predecessor, Cross Country Staffing, operated as a partnership under the applicable provisions of the Internal Revenue Code, and, accordingly, income related to the operations of Cross Country Staffing was taxed directly to its partners.

(g) Reflects the operating results of HospitalHub, Inc., which began operations in 1999. We completed the divestiture of HospitalHub, Inc. during the second quarter of 2001.

(h) The financial data contained herein for periods prior to July 30, 1999, is that of our predecessor, Cross Country Staffing, a partnership, for which share and per share amounts were not applicable.

(i) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(j) FTE's represent the average number of contract staffing personnel on a full-time equivalent basis.

(k) Weeks worked is calculated by multiplying the FTE's by the number of weeks during the respective period.

(l) Average contract revenue per week is calculated by dividing the revenue received under our staffing contracts by the number of weeks worked during the respective period.

(m) Consists of partners' capital for periods prior to July 30, 1999, since our predecessor, Cross Country Staffing, was a partnership.

(n) Reflects the following adjustments if the offering and the Heritage and ClinForce acquisitions had occurred on January 1, 2001:

- additional amortization expense of $0.2 million related to $34.0 million of goodwill and other intangibles acquired in the Heritage and ClinForce acquisitions;

- a reduction in interest expense of $2.2 million as a result of the repayment of $36.6 million of senior subordinated debt (12.0% interest rate) and $75.6 million of borrowings outstanding under our credit facility using the weighted average interest rate in effect during the three months ended March 31, 2001 (9.27%); and

- additional income tax expense of $1.0 million as a result of the above adjustments.

(o) Reflects the following adjustments as if the offering had occurred on March 31, 2001:

- increase in stockholders' equity of $114.8 million of net proceeds from the offering; and

- repayment of $36.6 million of senior subordinated debt, plus a $1.5 million redemption premium, and repayment of $75.6 million of borrowings outstanding under our credit facility.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

We acquired ClinForce on March 16, 2001 and Heritage on December 26, 2000.

The pro forma condensed consolidated statement of operations for the year ended December 31, 2000 and the three months ended March 31, 2001 give effect to the acquisitions of Heritage and ClinForce as if the transactions had occurred on January 1, 2000 and January 1, 2001, respectively.

The pro forma information is based on the historical statements of the acquired businesses giving effect to the transactions under the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the Pro Forma Condensed Consolidated Statement of Operations.

The pro forma information as adjusted for the offering for the year ended December 31, 2000 and the three months ended March 31, 2000, assumes the repayment of certain of our indebtedness using a portion of the net proceeds received from the offering as if the offering and the repayment had occurred on January 1, 2000 and January 1, 2001, respectively.

This pro forma information does not purport to be indicative of the combined results of operations that actually would have taken place if the transactions had occurred at such dates. The pro forma Condensed Consolidated Statement of Operations should be read in conjunction with the Consolidated Financial Statements and related notes thereto included elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31, 2000						
	CROSS COUNTRY	CLINFORCE(A)	HERITAGE(B)	PRO FORMA ACQUISITION ADJUSTMENTS	PRO FORMA COMBINED	ADJUSTMENTS FOR OFFERING	PRO FORMA AS ADJUSTED
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)						
Revenue from services	$ 367,690	$ 28,895	$ 10,690		$ 407,276		$ 407,276
Operating expenses:							
Direct operating expenses	273,095	20,128	4,572		297,796		297,796
Selling, general and administrative expenses	49,027	4,766	4,047		57,840		57,840
Bad debt expense	433	110	--		543		543
Depreciation	1,324	135	--		1,459		1,459
Amortization	13,701	660	--	854(c)	15,215		15,215
Non-recurring indirect transaction costs	1,289	--	--		1,289		1,289
Total operating expenses	338,869	25,799	8,619		374,142		374,142
Income from operations	28,821	3,096	2,071		33,134		33,134
Interest expense, net	15,435	--	--	3,623(d)	19,058	(14,654)(e)	4,404
Income before income taxes	13,386	3,096	2,071		14,076		28,730
Income tax expense	6,730	1,227	--	(926)(f)	7,031	5,642 (f)	12,673
Income from continuing operations	$ 6,656	$ 1,869	$ 2,071		$ 7,045		$ 16,057
Basic and diluted income from continuing operations per common share	$ 1.66	--	--		$ 1.76		
Weighted average common shares outstanding	3,999,998	--	--		3,999,998		

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(a) Represents the historical consolidated revenue and direct operating expenses of ClinForce for the twelve months ended December 31, 2000. ClinForce was a subsidiary of Edgewater Technology, Inc. prior to being acquired by us in March 2001. The operating results of ClinForce are not necessarily indicative of amounts that would have been incurred had ClinForce operated as a stand-alone business during the period presented.

(b) Represents the historical results of Heritage for the period from January 1, 2000 through December 26, 2000.

(c) Pro forma adjustment to record the amortization of intangible assets acquired as a result of the ClinForce and Heritage acquisitions. Our intangible assets are amortized on a straight-line basis over periods ranging from 5--25 years.

An additional $6.5 million is contingently payable to Heritage based upon future EBITDA results.
Such amount is payable through 2003.

(d) Pro forma adjustment to record interest costs associated with the financing of the ClinForce and Heritage acquisitions using the weighted average interest rate in effect for the year ended December 31, 2000 (9.74%).

(e) Adjustment to record pro forma interest expense reduction as if $114.8 million of estimated offering proceeds were used to reduce outstanding debt through the repayment of $35.5 million of senior subordinated debt and repayment of $77.3 million of borrowings outstanding under our credit facility as of January 1, 2000.

(f) Pro forma adjustment for estimated income taxes at combined federal and state statutory rates for the effect of the other adjustments and to record pro forma income tax expense for Heritage which, prior to being acquired by Cross Country, was an LLC for which income tax expense was determined at the individual member level.

	THREE MONTHS ENDED MARCH 31, 2001					
	CROSS COUNTRY	CLINFORCE(A)	PRO FORMA ACQUISITION ADJUSTMENTS	PRO FORMA COMBINED	ADJUSTMENTS FOR OFFERING	PRO FORMA AS ADJUSTED
	(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)					
Revenue from services.....	$ 103,872	$ 7,693		$ 111,565		$ 111,565
Operating expenses:						
Direct operating expenses.....	79,002	5,350		84,352		84,352
Selling, general and administrative expenses.....	14,175	1,606		15,781		15,781
Bad debt expense.....	420			420		420
Depreciation.....	518	35		553		553
Amortization.....	3,592	92	169(b)	3,853		3,853
Non-recurring indirect transaction costs.....	--	--		--		--
Total operating expenses.....	97,707	7,083		104,959		104,959
Income from operations.....	6,165	610		6,606		6,606
Interest expense, net.....	4,008	179	421(c)	4,608	(2,812)(d)	1,796
Income before income taxes.....	2,157	431		1,998		4,810
Income tax expense.....	1,085	166	(228)(e)	1,023	1,083(e)	2,106
Income from continuing operations.....	$ 1,072	$ 265		$ 975		$ 2,704
Basic and diluted income from continuing operations per common share.....	$ 0.27	--		$ 0.24		$ --
Weighted average common shares outstanding.....	3,999,998	--		3,999,998		--

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(a) Represents the historical consolidated revenues and direct operating expenses of ClinForce for the period from January 1, 2001 through March 16, 2001. ClinForce was a subsidiary of Edgewater Technology, Inc. prior to being acquired by us in March 2001. The operating results of ClinForce are not necessarily indicative of amounts that would have been incurred had ClinForce operated as a stand-alone business during the period presented.

(b) Pro forma adjustment to record the amortization of intangible assets acquired as a result of the ClinForce acquisition. Our intangible assets are amortized on a straight-line basis over periods ranging from 5--25 years.

(c) Pro forma adjustment to record interest costs associated with the financing of the ClinForce acquisition using the weighted average interest rate in effect for the quarter ended March 31, 2001 (9.27%).

(d) Adjustment to record pro forma interest expense reduction as if $114.8 million of estimated offering proceeds were used to reduce outstanding debt through the repayment of $36.6 million of senior subordinated debt and repayment of $75.6 million of borrowings outstanding under our credit facility as of January 1, 2001.

(e) Pro forma adjustment for estimated income taxes at combined federal and state statutory rates for the effect of the other adjustments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA AND OUR CONSOLIDATED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES THAT APPEAR ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

We are the largest provider of healthcare staffing services in the United States. Approximately 80% of our revenue is derived from travel nurse staffing. We also provide complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting and education and training. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce and Heritage, were $407.3 million and $51.1 million, respectively.

HISTORY

In July 1999, an affiliate of Charterhouse Group International, Inc. and certain members of management acquired the assets of Cross Country Staffing, our predecessor, from W. R. Grace & Co. Upon the closing of this transaction, we changed from a partnership to a C corporation form of ownership. In December 1999, we acquired TravCorps, which was owned by investment funds managed by Morgan Stanley Private Equity and certain members of TravCorps' management and subsequently changed our name to Cross Country TravCorps, Inc. In May 2001, we changed our name to Cross Country, Inc.

REVENUE

Travel nurse staffing revenue is received primarily from acute care hospitals. Our clinical trials staffing revenue is received primarily from pharmaceutical and biotechnology companies, as well as medical device manufacturers. Revenue from allied health staffing services is received from numerous sources, including providers of radiation, rehabilitation and respiratory services at additional venues including nursing homes, sports medicine clinics and schools. Our staffing placements are through contracts with assignments typically lasting 13 weeks or longer. Revenue from our search and recruitment, consulting and education and training services is received from numerous sources, including hospitals, physician group practices, insurance companies and individual healthcare professionals. Our fees are paid directly by our clients rather than by government or other third-party payors.

Revenue is recognized when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. Our field employees work predominantly under contracts where the individual is our employee. We also offer mobile contracts, under which the individual is an employee of the client facility for the purposes of payroll and we are paid an hourly or weekly administrative fee.

Our healthcare staffing revenue and earnings are impacted by the relative supply of and demand for nurses at healthcare facilities. We rely significantly on our ability to recruit and retain nurses and other healthcare personnel who possess the skills, experience and, as required, licensure necessary to meet the specified requirements of our clients. Shortages of qualified nurses and other healthcare personnel could limit our ability to fill open assignments and grow our revenue and EBITDA.

Fluctuations in patient occupancy at our clients' facilities may also affect the profitability of our business. As occupancy increases, temporary employees are often added before full-time employees are hired. As occupancy decreases, clients tend to reduce their use of temporary employees before

undertaking layoffs of their regular employees. In addition, we may experience more competitive pricing pressure during periods of occupancy downturn.

ACQUISITIONS

In May 2001, we acquired Gill/Balsano, a healthcare management consulting firm, for $1.8 million in cash and potential earnout payments of $2.0 million.

In March 2001, we acquired ClinForce for $31.0 million in cash. ClinForce supplies supplemental staffing services for clinical trials. ClinForce's revenue was $28.9 million for the year ended December 31, 2000. We believe this acquisition will enable us to extend our services into a fragmented and complementary segment of the healthcare staffing market.

In December 2000, we completed the acquisition of Heritage, a provider of continuing education programs to the healthcare community, for a purchase price of approximately $6.5 million in cash and potential earnout payments of approximately $6.5 million.

In July 2000, we acquired E-Staff, an application service provider that has developed an internet subscription-based communication, scheduling, credentialing and training service business for healthcare providers, for $1.5 million in cash and potential earnout payments of $3.2 million.

In December 1999, we acquired all outstanding shares of TravCorps' common stock in exchange for shares of our common stock then valued at approximately $32.1 million and we assumed TravCorps' debt of $45.0 million. TravCorps had revenues of $113.0 million for the period December 27, 1998 to December 15, 1999.

DISCONTINUED OPERATIONS

In December 2000, we committed to a formal plan to divest HospitalHub, Inc., or HospitalHub, our electronic job board business, which began operations in 1999. The operating results of HospitalHub have been accounted for as discontinued operations in our consolidated financial statements and notes thereto and in the other financial information included herein. We completed the divestiture of HospitalHub in the second quarter of 2001.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets from the acquisition of the assets of Cross Country Staffing, our predecessor, and from subsequent acquisitions were $153.4 million and $97.5 million, respectively, at March 31, 2001. Goodwill and other intangible assets are being amortized using the straight-line method over their estimated useful lives ranging from 4.5 to 25 years. Goodwill and other intangible assets represented 205% of our stockholders' equity as of March 31, 2001. The amount of goodwill and other intangible assets amortized equaled 58.3% of our income from operations for the three months ended March 31, 2001.

In June 2001, the Financial Accounting Standards Board approved its exposure draft, BUSINESS COMBINATIONS AND INTANGIBLE ASSETS--ACCOUNTING FOR GOODWILL. The statements that will be derived from the exposure draft eliminate the pooling-of-interests method of accounting for business combinations and require that goodwill and certain intangible assets not be amortized. Instead, these assets will be reviewed for impairment annually with any related losses recognized in earnings when incurred. The standards are expected to be issued in July 2001 and will apply to us beginning January 1, 2002 for existing intangible assets and July 1, 2001 for business combinations completed after June 30, 2001.

RESULTS OF OPERATIONS

The following table summarizes, for the periods indicated, selected statement of operations data expressed as a percentage of revenue:

	PREDECESSOR					
AS A % OF REVENUE	YEAR ENDED DECEMBER 31, 1998	PERIOD FROM JANUARY 1- JULY 29, 1999	PERIOD FROM JULY 30- DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31, 2000	2001
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Direct operating expenses	76.9	75.6	77.6	74.3	74.9	76.1
Selling, general and administrative expenses	12.0	12.0	10.5	13.3	13.4	13.6
Bad debt expense	0.5	0.1	0.6	0.1	0.3	0.4
EBITDA(a)	10.6	12.3	11.3	12.3	11.4	9.9
Depreciation and amortization	0.7	0.7	5.2	4.1	4.2	4.0
Non-recurring indirect transaction costs	--	--	--	0.4	0.3	--
Income from operations	9.9	11.6	6.1	7.8	6.9	5.9
Interest expense, net	0.5	0.2	5.5	4.2	4.3	3.9
Other expenses	0.1	0.2	--	--	--	--
Income before income taxes and discontinued operations	9.3	11.2	0.6	3.6	2.6	2.0
Income tax expense(b)	--	--	0.8	1.8	1.3	1.0
Income (loss) before discontinued operations	9.3	11.2	(0.2)	1.8	1.3	1.0
Loss from discontinued operations, net of income taxes	--	--	(0.2)	(0.4)	(0.3)	(0.4)
Estimated loss on disposal of discontinued operations	--	--	--	(0.1)	--	(0.6)
Net income (loss)	9.3%	11.2%	(0.4)%	1.3%	1.0%	0.0%

(a) We define EBITDA as income before interest, income taxes, depreciation, amortization and non-recurring indirect transaction costs. EBITDA should not be considered a measure of financial performance under generally accepted accounting principles. Items excluded from EBITDA are significant components in understanding and assessing financial performance. EBITDA is a key measure used by management to evaluate our operations and provide useful information to investors. EBITDA should not be considered in isolation or as an alternative to net income, cash flows generated by operations, investing or financing activities, or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because EBITDA is not a measurement determined in accordance with generally accepted accounting principles and is thus susceptible to varying calculations, EBITDA as presented may not be comparable to other similarly titled measures of other companies.

(b) Prior to July 30, 1999, we were a partnership for which income tax expense was determined at the partner level.

The following sections should be read in conjunction with the History and Acquisitions sections that appear above in this Management's Discussion and Analysis.

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

Revenue increased by 16.0% to $103.9 million for the three months ended March 31, 2001 as compared to $89.6 million for the three months ended March 31, 2000. Revenue included from Heritage and ClinForce, which were acquired on December 26, 2000 and March 16, 2001, respectively, totaled $4.9 million for the three months ended March 31, 2001. Excluding the effects of these acquisitions, revenue increased $9.6 million, or 10.7%, as compared with the three months ended March 31, 2000. This increase is primarily due to an increase in the average hourly bill rate offset, in part, by a modest reduction in the average number of hours billed per FTE per week. The average number of field employees remained relatively constant from period to period. The average hourly bill rate increased primarily as a result of bill rate increases and, to a lesser extent, an increase in the percentage of nurses working under staffing rather than mobile contracts. The average number of hours worked per week per FTE decreased primarily as a result of an increase in the number of nurses working three 12 hour shifts rather than five 8 hour shifts. Of the $103.9 million of revenue from the three months ended March 31, 2001, 83.2% of revenue was generated by travel nursing operations, 9.5% from other staffing operations and 7.3% from other services. Of the $89.6 million of revenue from the three months ended March 31, 2000, 87.7% was generated by travel nursing operations, 8.4% from other staffing operations and 3.9% from other services.

Direct operating expenses are comprised primarily of field employee compensation expenses, housing expenses, travel expenses and field insurance expenses. Direct operating expenses totaled $79.0 million for the three months ended March 31, 2001 as compared to $67.1 million for the three months ended March 31, 2000. As a percentage of revenue, direct operating expenses represented 76.1% of revenue for the three months ended March 31, 2001 as compared with 74.9% for the three months ended March 31, 2000. The increase in direct operating expenses as a percent of revenue was mostly attributable to an increase in field salaries, housing costs and health insurance. These increases were offset in part by the relatively lower direct operating expenses, as a percent of revenue, for each of Heritage and ClinForce.

Selling, general and administrative expenses are comprised primarily of corporate and administrative personnel compensation, advertising, referral bonuses, insurance, communication, rent, utilities and postage and delivery. Selling, general and administrative expenses totaled $14.2 million for the three months ended March 31, 2001 as compared to $12.1 million for the three months ended March 31, 2000. As a percentage of revenue, selling, general and administrative expenses increased to 13.6% of revenue for the three months ended March 31, 2001, as compared with 13.4% for the three months ended March 31, 2000. We expect selling, general and administrative expenses as a percent of revenue to continue to remain higher throughout 2001, as compared to 2000, as a result of the acquisitions of Heritage and ClinForce, which have historically had higher selling, general and administrative expenses than our travel nurse staffing business.

Bad debt expense totaled $0.4 million for the three months ended March 31, 2001 as compared to $0.2 million for the three months ended March 31, 2000. As a percentage of revenue, bad debt expense represented 0.4% of revenue for the three months ended March 31, 2001 as compared with 0.3% for the three months ended March 31, 2000.

EBITDA, as a result of the above, totaled $10.3 million for the three months ended March 31, 2001 as compared to $10.2 million for the three months ended March 31, 2000. As a percentage of revenue, EBITDA represented 9.9% of revenue for the three months ended March 31, 2001 as compared with 11.4% for the three months ended March 31, 2000.

Depreciation and amortization expense totaled $4.1 million for the three months ended March 31, 2001 as compared to $3.7 million for the three months ended March 31, 2000. The increase was primarily due to the increased amortization of goodwill and other intangibles resulting from the Heritage and ClinForce acquisitions. As a percentage of revenue, depreciation and amortization expense declined to 4.0% of revenue for the three months ended March 31, 2001 as compared to 4.2% for the three months ended March 31, 2000.

Non-recurring indirect transaction costs for the three months ended March 31, 2000 were $0.3 million, comprised of non capitalizable transition bonuses and integration costs related to the TravCorps acquisition.

Income from operations totaled $6.2 million for each of the three months ended March 31, 2001 and for the three months ended March 31, 2000. As a percentage of revenue, income from operations represented 5.9% of revenue for the three months ended March 31, 2001 as compared with 6.9% for the three months ended March 31, 2000.

Net interest expense totaled $4.0 million for the three months ended March 31, 2001 as compared to $3.8 million for the three months ended March 31, 2000. This increase was primarily due to borrowings related to the Heritage and ClinForce acquisitions.

Income before income taxes and discontinued operations totaled $2.2 million for the three months ended March 31, 2001 as compared to $2.4 million for the three months ended March 31, 2000 due to the factors discussed above.

Income tax expense totaled $1.1 million for the three months ended March 31, 2001 as compared to $1.2 million for the three months ended March 31, 2000.

Income before discontinued operations totaled $1.1 million for the three months ended March 31, 2001 as compared to $1.2 million for the three months ended March 31, 2000.

Losses from discontinued operations, net of income tax benefits, in connection with HospitalHub were $0.4 million for the three months ended March 31, 2001 as compared to $0.3 million for the three months ended March 31, 2000. A $0.6 million loss was recognized on the planned disposal of the HospitalHub operation during the three months ended March 31, 2001. The divestiture of HospitalHub was completed in the second quarter of 2001.

Net income for the three months ended March 31, 2001 was $0.0 million as compared to $0.9 million for the three months ended March 31, 2000.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999

Revenue for the year ended December 31, 2000 totaled $367.7 million as compared to $193.7 million for the two periods that comprise 1999. Revenue for the two periods that comprise 1999 includes the results of TravCorps from its date of acquisition on December 16, 1999. Had the results of TravCorps' operations for the full year of 1999 been included with the combined revenue for the two periods in 1999, revenue would have increased by 19.9% to $367.7 million in 2000 from $306.6 million in 1999. The increase was attributable to an increase in the average number of traveling nurses, a higher average hourly bill rate and increased allied health staffing revenue. For the year ended December 31, 2000, 87.5% of revenue was generated by travel nursing operations, 7.8% from other staffing operations and 4.7% from other services. Of the $306.6 million of revenue for the two periods that comprise 1999, and including TravCorps for the full year of 1999, 84.9% was generated by travel nursing operations, 8.4% from other staffing operations and 6.7% from other services.

Direct operating expenses for the year ended December 31, 2000 totaled $273.1 million as compared to $68.0 million for the five-month period July 30-December 31, 1999 and $80.2 million for

the seven-month period January 1-July 29, 1999. As a percentage of revenue, direct operating expenses represented 74.3% of revenue for the year ended December 31, 2000 compared with 77.6% for the five-month period July 30-December 31, 1999 and 75.6% for the seven-month period January 1-July 29, 1999. The relative improvement was largely a result of the inclusion of revenue from our search, recruitment and consulting subsidiaries, for which all salaries and related expenses are classified as selling, general and administrative expenses. We acquired these subsidiaries in December 1999 in connection with our acquisition of the assets of TravCorps. In addition, for 1999, a change was made in the manner by which we compensated travel nurses and allied health professionals which resulted in greater direct operating expenses, as a percentage of revenue for the five-month period July 30-December 31, 1999.

Selling, general and administrative expenses for the year ended December 31, 2000 totaled $49.0 million as compared to $9.3 million for the five-month period July 30-December 31, 1999 and $12.7 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, selling, general and administrative expenses represented 13.3% of revenue for the year ended December 31, 2000 compared with 10.5% for the five-month period July 30-December 31, 1999 and 12.0% for the seven-month period January 1-July 29, 1999. The relative increase in 2000 resulted from inclusion of the TravCorps operations, which historically have had greater selling, general and administrative expenses on a percentage of revenue basis. The decrease in selling, general and administrative expenses during the period July 30-December 31, 1999 as compared with the period January 1-July 30, 1999 was due to the modification of a management incentive program in July 1999.

Bad debt expense for the year ended December 31, 2000 totaled $0.4 million as compared to $0.5 million for the five-month period July 30-December 31, 1999 and $0.2 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, bad debt expense represented 0.1% of revenue for 2000 compared with 0.6% for the five-month period July 30-December 31, 1999 and 0.1% for the seven-month period January 1-July 29, 1999. The increase in bad debt expense during the five-month period July 30-December 31, 1999 was due to the increase in the aging of accounts relating to one provider.

EBITDA, as a result of the above, totaled $45.1 million for the year ended December 31, 2000 as compared to $9.9 million for the five-month period July 30-December 31, 1999 and $13.0 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, EBITDA represented 12.3% of revenue for the year ended December 31, 2000 compared with 11.3% for the five-month period July 30-December 31, 1999 and 12.3% for the seven-month period January 1-July 29, 1999.

Depreciation and amortization expense for the year ended December 31, 2000 totaled $15.0 million as compared to $4.6 million for the five-month period July 30-December 31, 1999 and $0.7 million for the seven-month period January 1-July 29, 1999. The increase in depreciation and amortization expense in 2000 was due to amortization of goodwill resulting from the acquisition of the assets of Cross Country Staffing and the TravCorps acquisition. As a percentage of revenue, depreciation and amortization expense represented 4.1% of revenue for 2000 compared with 5.2% for the five-month period July 30-December 31, 1999 and 0.7% for the seven-month period January 1-July 29, 1999.

Non-recurring indirect transaction costs totaled $1.3 million for the year ended December 31, 2000, which consisted primarily of transition bonuses related to the TravCorps acquisition.

Income from operations for the year ended December 31, 2000 totaled $28.8 million as compared to $5.3 million for the five-month period July 30-December 31, 1999 and $12.3 million for the seven-month period January 1-July 29, 1999. As a percentage of revenue, income from operations represented 7.8% of revenue for the year ended December 31, 2000 compared with 6.1% for the five-month period July 30-December 31, 1999 and 11.6% for the seven-month period January 1-July 29, 1999.

Net interest expense for the year ended December 31, 2000 totaled $15.4 million as compared to $4.8 million for the five-month period July 30-December 31, 1999 and $0.2 million for the seven-month period January 1-July 29, 1999. The increase in 2000, and for the five-month period July 30-December 31, 1999, was due to debt incurred in connection with our acquisition of the assets of Cross Country Staffing in July 1999 and a higher weighted average effective borrowing rate.

Income before income taxes and discontinued operations for the year ended December 31, 2000 totaled $13.4 million as compared to $0.5 million for the five-month period July 30-December 31, 1999 and $11.9 million for the seven-month period January 1-July 29, 1999.

Income tax expense for the year ended December 31, 2000 was $6.7 million as compared to $0.7 million for the five-month period July 30-December 31, 1999. Our effective tax rate was 50.3% for the year ended December 31, 2000 and 128.0% for the period July 30-December 31, 1999 largely as a result of non-deductible expenses. Excluding the effects of non-deductible items and the tax benefit of our discontinued operations, our effective tax rates for the year ended December 31, 2000 and for the period July 30-December 31, 1999 were 41.5% and 34.7%, respectively. Prior to July 30, 1999, we were a partnership for which income tax expense was determined at the partner level. Pro forma adjustments have been made in the Cross Country Staffing financial statements included elsewhere in this prospectus as if we were subject to federal income taxes for the seven-month period January 1-July 29, 1999 using a 49.0% effective tax rate. On a pro forma basis, income tax expense was $5.8 million for the seven-month period January 1-July 29, 1999.

Income before discontinued operations totaled $6.7 million for the year ended December 31, 2000 as compared to a loss of $0.1 million for the five-month period July 30-December 31, 1999.

Losses from discontinued operations, net of income tax benefits, for the year ended December 31, 2000, and the five-month period July 30-December 31, 1999, were $1.6 million and $0.2 million, respectively, in connection with HospitalHub, which began operations in 1999. Also for the year ended December 31, 2000, a $0.5 million loss was recognized on the planned disposal of HospitalHub. The divestiture of HospitalHub was completed in the second quarter of 2001.

Net income for the year ended December 31, 2000 totaled $4.6 million as compared to a net loss of $0.3 million for the five-month period July 30-December 31, 1999. Net income for the seven-month period January 1-July 29, 1999 was $6.0 million, including a pro forma adjustment for income tax expense as discussed above.

THE SEVEN-MONTH PERIOD JANUARY 1, 1999-JULY 29, 1999 AND THE FIVE-MONTH PERIOD JULY 30, 1999-DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Revenue for the five-month period July 30-December 31, 1999 totaled $87.7 million and for the seven-month period January 1-July 29, 1999 totaled $106.0 million as compared to $158.6 million for 1998. Combined revenue for the two periods that comprise 1999 totaled $193.7 million, representing a 22.1% increase over the year ended December 31, 1998. The increase primarily was due to increases in the number of hours worked by our travel nurses and in the average hourly bill rate, as well as a more favorable staffing mix.

Direct operating expenses for the five-month period July 30-December 31, 1999 totaled $68.0 million and for the seven-month period January 1-July 29, 1999 totaled $80.2 million as compared to $122.0 million for the year ended December 31, 1998. As a percentage of revenue, direct operating expenses represented 77.6% of revenue for the five-month period July 30-December 31, 1999 and 75.6% for the seven-month period January 1-July 29, 1999 as compared to 76.9% for the year ended December 31, 1998. In 1999, a change was made in the manner by which we compensated travel nurses and allied health professionals which resulted in greater direct operating expenses, as a percentage of revenue for the five-month period July 30-December 31, 1999. The relative improvement, as a percent

of revenue, during the seven-month period January 1-July 29, 1999 as compared to the year ended December 31, 1998 was due to a a greater percentage increase in billing rates than field employee compensation expense.

Selling, general and administrative expenses for the five-month period July 30-December 31, 1999 totaled $9.3 million and for the seven-month period January 1-July 29, 1999 totaled $12.7 million as compared to $19.1 million for the year ended December 31, 1998. As a percentage of revenue, selling, general and administrative expenses was 10.5% of revenue for the five-month period July 30-December 31, 1999 and 12.0% for the seven-month period January 1-July 29, 1999 compared with 12.0% for the year ended December 31, 1998. The decrease in selling, general and administrative expenses as percentage of revenue during the July 30-December 31, 1999 period was due to the modification of a management incentive program in July 1999.

Bad debt expense for the five-month period July 30-December 31, 1999 totaled $0.5 million and for the seven-month period January 1-July 29, 1999 totaled $0.2 million as compared to $0.7 million for the year ended December 31, 1998. As a percentage of revenue, bad debt expense was 0.6% of revenue for the five-month period July 30-December 31, 1999, 0.1% for the seven-month period January 1-July 29, 1999 and 0.5% for 1998. The relative improvement from 1998 to the seven-month period January 1-July 29, 1999 was attributable to better collections of aged receivables. The increase in bad debt expense during the five-month period July 30-December 31, 1999 was due to the increase in the aging of accounts relating to one provider.

EBITDA, as a result of the above, for the five-month period July 30-December 31, 1999 totaled $9.9 million and for the seven-month period January 1-July 29, 1999 totaled $13.0 million as compared to $16.8 million for the year ended December 31, 1998. As a percentage of revenue, EBITDA represented 11.3% of revenue for the five-month period July 30-December 31, 1999 and 12.3% for the seven-month period January 1-July 29, 1999 as compared to 10.6% for the year ended December 31, 1998.

Depreciation and amortization expense for the five-month period July 30-December 31, 1999 totaled $4.6 million and for the seven-month period January 1-July 29, 1999 totaled $0.7 million as compared to $1.1 million for the year ended December 31, 1998. As a percentage of revenue, depreciation and amortization expense represented 5.2% of revenue for the five-month period July 30-December 31, 1999 and 0.7% for the seven-month period January 1-July 29, 1999 as compared to 0.7% for the year ended December 31, 1998. The relative increase for the five-month period July 30-December 31, 1999 was due principally to amortization of goodwill and other intangible assets which resulted from the acquisition of the assets of Cross Country Staffing.

Income from operations for the five-month period July 30-December 31, 1999 totaled $5.3 million and for the seven-month period January 1-July 29, 1999 totaled $12.3 million as compared to $15.7 million for the year ended December 31, 1998. As a percentage of revenue, income from operations represented 6.1% of revenue for the five-month period July 30-December 31, 1999 and 11.6% for the seven-month period January 1-July 29, 1999 as compared to 9.9% for the year ended December 31, 1998.

Net interest expense for the five-month period July 30-December 31, 1999 totaled $4.8 million and for the seven-month period January 1-July 29, 1999 totaled $0.2 million as compared to $0.8 million for the year ended December 31, 1998. The relative increase in net interest expense for the five-month period July 30-December 31, 1999 was due to debt incurred in connection with our acquisition of the assets of Cross Country Staffing, in July 1999, and a higher weighted average effective borrowing rate.

Income before income taxes and discontinued operations for the five-month period July 30-December 31, 1999 totaled $0.5 million and for the seven-month period January 1-July 29, 1999 totaled $11.9 million as compared to $14.7 million for the year ended December 31, 1998. As a

percentage of revenue, income before income taxes and discontinued operations represented 0.6% of revenue for the five-month period July 30-December 31, 1999 and 11.2% for the seven-month period January 1-July 29, 1999 as compared to 9.3% for the year ended December 31, 1998.

Income tax expense for the five-month period July 30-December 31, 1999 totaled $0.7 million. Our effective tax rate was 128% for the five-month period July 30-December 31, 1999 largely as a result of non-deductible expenses. Excluding the effects of non-deductible items and the tax benefit of discontinued operations, our effective tax rate for the five-month period July 30-December 31, 1999 was 34.7%. For the seven-month period January 1-July 29, 1999 and for the year ended December 31, 1998, our predecessor was a partnership for which income tax expense was determined at the partner level. Pro forma adjustments have been made in the Cross Country Staffing financial statements included elsewhere in this prospectus as if we were subject to federal income taxes for the seven-month period January 1-July 29, 1999 using a 49.0% effective tax rate. On a pro forma basis, income tax expense was $5.8 million for the seven-month period January 1-July 29, 1999.

Loss before discontinued operations for the five-month period July 30-December 31, 1999 totaled $0.1 million.

Loss from discontinued operations, net of taxes, for the five-month period July 30-December 31, 1999 was $0.2 million, in connection with HospitalHub, which began operations in 1999. The divestiture of HospitalHub was completed in the second quarter of 2001.

Net loss for the five-month period July 30-December 31, 1999 was $0.3 million. Net income for the seven-month period January 1-July 29, 1999 was $6.1 million, including a pro forma adjustment for income tax expense as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2001, we had a current ratio, the amount of current assets divided by current liabilities, of 1.9 to 1.0. Working capital increased by $3.4 million to $37.7 million as of March 31, 2001, compared to $34.3 million as of December 31, 2000. The increase in working capital is primarily due to a $6.1 million increase in accounts receivable. Although accounts receivable increased, days sales outstanding decreased to 62 days at March 31, 2001 compared with 64 days at December 31, 2000.

Our operating cash flows constitute our primary source of liquidity and historically have been sufficient to fund our working capital, capital expenditures, internal business expansion and debt service. We believe that our capital resources are sufficient to meet our working capital needs for the next twelve months. We expect to meet our future working capital, capital expenditures, internal business expansion, debt service and acquisition requirements from a combination of operating cash flow and funds available under our credit facility.

CREDIT FACILITY

In March 2001, we amended our credit facility. The amended credit facility is comprised of (i) a revolving credit facility of up to $30.0 million, including a swing-line sub-facility of $7.0 million and a letter of credit sub-facility of $6.0 million, and (ii) a $144.9 million term loan facility. The revolving facility matures on July 29, 2005 and the term loan facility has staggered maturities in 2001, 2002, 2003, 2004 and 2005.

Borrowings under the amended credit facility bear interest at variable rates based, at our option, on LIBOR or the prime rate plus various applicable margins which are determined by the amended credit facility. As of March 31, 2001, the weighted average effective interest rate under the amended credit facility was 8.99%. We are required to pay a quarterly commitment fee at a rate of 0.50% per annum on unused commitments under the revolving loan facility. As of July 1, 2001, we had availability under our revolving credit facility of $17.7 million and under our letter of credit sub-facility of $1.9 million.

The terms of the amended credit facility include customary covenants and events of default. Our investments covenant requires us to obtain the consent of our lenders to complete any acquisition, the costs of which exceeds $10.0 million. In addition, after this offering, if affiliates of Charterhouse and investment funds managed by Morgan Stanley Private Equity, as a group, cease to beneficially own at least 45.0% of our capital stock, a change of control, which constitutes an event of default, will occur under the credit facility. Borrowings under the amended credit facility are collateralized by substantially all our assets and the assets of our subsidiaries.

Our credit facility requires us to use the first $40.0 million of proceeds from this offering to reduce amounts outstanding thereunder. If after giving effect to such application of proceeds, we satisfy the requisite debt to EBITDA ratio specified in the credit facility, we are permitted to use remaining net cash proceeds of this offering to redeem the outstanding principal on our senior subordinated pay-in-kind notes, plus accrued interest and any fees and expenses related to prepayment.

SENIOR SUBORDINATED PAY-IN-KIND NOTES

On July 29, 1999, we issued $30.0 million of senior subordinated pay-in-kind notes to two financial institutions. We used the proceeds of the senior subordinated notes to finance the acquisition of the assets of Cross Country Staffing, our predecessor, and to pay our transaction fees and expenses. Interest on the senior subordinated notes accrues at 12.0% per annum and is compounded quarterly. The senior subordinated notes mature at the earlier of six months after the final maturity of the amended credit facility or upon a change in control. We plan to redeem our senior subordinated pay-in-kind notes out of the proceeds of this offering. In connection with our proposed redemption of the senior subordinated pay-in-kind notes, we will be required to pay a redemption premium equal to 4.0% of outstanding principal plus accrued and unpaid interest on the notes.

THREE MONTHS ENDED MARCH 31, 2001 COMPARED TO THREE MONTHS ENDED MARCH 31, 2000

Net cash provided by operating activities for the three months ended March 31, 2001 increased $1.7 million to a provision of $5.0 million as compared to a provision of $3.3 million for the three months ended March 31, 2000. The use of cash from investing activities for the three months ended March 31, 2000 increased $32.1 million to a use of $32.6 million as compared to a use of $0.5 million for the three months ended March 31, 2000. Investing activities during the three months ended March 31, 2001 included $31.3 million for the acquisition of ClinForce. No acquisitions were completed during the three months ended March 31, 2000. Net cash provided by financing activities for the three months ended March 31, 2001 increased by $35.0 million to a provision of $27.6 million as compared to a use of $7.4 million for the three months ended March 31, 2000.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO THE FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999

Net cash provided by operating activities for 2000 increased $4.1 million to a provision of $10.4 million as compared to a provision of $6.3 million for the five-month period July 30-December 31, 1999 and a provision of $12.2 million for the seven-month period January 1-July 29, 1999. Excluding income tax expense, our cash flow from operations was $17.1 million in 2000 compared with $7.0 million for the period July 30-December 31, 1999 and $12.2 million for the period January 1-July 29, 1999. The use of cash from investing activities for 2000 increased $11.0 million to a use of $9.6 million as compared to a provision of $1.4 million for the five-month period from July 30-December 31, 19999 and a use of $0.2 million for the seven-month period January 1-July 29, 1999. Investing activities during 2000 included $6.2 million for the acquisition of Heritage and $1.5 million for the acquisition of E-Staff as compared to net cash provided by acquisitions for the five-month period July 30-December 31, 1999 of $1.8 million from the acquisition of TravCorps. No acquisitions were completed during the period from January 1-July 30, 1999. Net cash used by financing activities for 2000 increased $2.5 million to a use of $5.6 million as compared to a use of $3.1 million for the five-month period July 30-December 31, 1999 and a use of $12.0 million for

the seven-month period January 1-July 29, 1999. Financing activities for 2000 consisted of borrowings and repayments under debt agreements, including primarily $5.1 million of net repayments under our term loan agreement, borrowing of $3.9 million of subordinated debt and net repayments under our revolver and swing line agreements of $1.0 million.

FIVE-MONTH PERIOD JULY 30-DECEMBER 31, 1999 AND THE SEVEN-MONTH PERIOD JANUARY 1-JULY 29, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

Net cash provided by operating activities for the five-month period July 30-December 31, 1999 decreased $5.9 million to a provision of $6.3 million as compared to a provision of $12.2 million for the seven-month period January 1-July 29, 1999 and a provision of $14.4 million for 1998. The use of cash from investing activities for the five-month period July 30-December 31, 1999 decreased $1.6 million to a provision of $1.4 million as compared to a use of $0.2 million for the seven-month period from January 1-July 29, 1999 and a use of $1.0 million for 1998. The net cash provided by acquisitions for the five-month period July 30-December 31, 1999 included $1.8 million from the acquisition of TravCorps. Net cash used by financing activities the five-month period July 30-December 31, 1999 decreased $8.9 million to a use of $3.1 million as compared to a use of $12.0 million for the seven-month period January 1-July 29, 1999 and a use of $13.5 million for 1998.

INFLATION

During the last several years, the rate of inflation in healthcare related services has exceeded that of the economy as a whole. This inflation has increased our direct operating costs. We are also impacted by fluctuations in housing costs. Historically, we have been able to recoup the negative impact of such fluctuations by increasing our billing rates. We may not be able to continue increasing our billing rates and increases in our direct operating costs may adversely affect us in the future. In addition, our clients are impacted by payments of healthcare benefits by federal and state governments as well as private insurers.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate changes, primarily as a result of our credit facility which bears interest based on floating rates. We are party to an interest rate swap agreement which fixes the interest rate paid on $45.0 million of borrowings under our credit facility at 6.705% effective January 1, 2001, plus the applicable margin. The swap matures in February 2003. Prior to January 2001, we accounted for the swap agreement as a hedge, which means changes in the fair value of the swap were not required to be recognized in earnings. Effective January 1, 2001, we adopted Statement of Financial Accounting Standard No. 133 ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. Upon adopting SFAS No. 133, we recorded a liability for the fair value of the swap, which reduced consolidated stockholders' equity by $910,000. We will recognize changes in the fair value of the swap in earnings to the extent such changes are greater or less than the corresponding change in the fair value of the future variable interest payments on the portion of the debt underlying the swap. We do not contemplate that such changes will be material to our results of operations for the remainder of 2001. However, changes in interest rates which result in a yield curve that is different from those projected may cause changes in the fair value of the swap to have a significant impact on our results of operations.

A 1% change in interest rates on variable rate debt would have resulted in interest expense fluctuating approximately $0.4 million for 1999, $1.2 million for 2000, and $0.3 million for the three months ended March 31, 2001.

BUSINESS OF CROSS COUNTRY, INC.

OVERVIEW OF OUR COMPANY

We are the largest provider of healthcare staffing services in the United States. Approximately 80% of our revenue is derived from travel nurse staffing. We also provide complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training. Our active client base includes over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. Our fees are paid directly by our clients rather than by government or other third-party payors. We are well positioned to take advantage of current industry dynamics, including the growing shortage of nurses in the United States, the growing demand for healthcare services and the trend among healthcare providers toward outsourcing staffing services. For the year ended December 31, 2000, our revenue and EBITDA, pro forma for the acquisitions of ClinForce and Heritage, were $407.3 million and $51.1 million, respectively.

OVERVIEW OF OUR INDUSTRY

The STAFFING INDUSTRY REPORT, an independent staffing industry publication, estimates that the healthcare segment of the temporary staffing market generated $7.2 billion in revenue in 2000 and that this segment will grow 18% to $8.5 billion in 2001.

The most common temporary nurse staffing alternatives available to hospital administrators are travel nurses and per diem nurses.

- Travel nurse staffing involves placement of registered nurses on a contracted, fixed-term basis. Travel nurses provide a long-term solution to a nurse shortage, present hospitals and other healthcare facilities with a pool of potential full-time job candidates and enable healthcare facilities to provide their patients with continuity of care. Assignments may run several weeks to one year, but are typically 13 weeks long. The healthcare professional temporarily relocates to the geographic area of the assignment. The staffing company generally is responsible for providing travel nurses with customary employment benefits and for coordinating travel and housing arrangements.

- Per diem staffing comprises the majority of all temporary healthcare staffing and involves placement of locally based healthcare professionals on very short-term assignments, often for daily shift work. Per diem staffing often involves little advance notice of assignments by the client.

INDUSTRY DYNAMICS

SHORTAGE OF NURSES. There is a pronounced shortage of registered nurses, especially experienced, specialty nurses who staff operating rooms, emergency rooms, intensive care units and pediatric wards. A recent study published in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION, estimates that by 2020, the nationwide registered nurse workforce will be nearly 20% below projected requirements.

Several factors have contributed to the decline in the supply of nurses:

- The nurse pool is getting older and retiring. The study in the JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION projects that within the next ten years, the average age of registered nurses will increase 3.5 years to over 45.

- Enrollment in nursing education programs is decreasing. According to the American Association of Colleges of Nursing, nursing school enrollments have declined at an average rate of 5% for each of the past six years.

- Many registered nurses are choosing to pursue careers outside of acute care hospitals or in professions other than nursing.

The shortage of nurses drives demand for our services because hospitals turn to temporary nurses to make up for shortfalls in their permanent staff.

INCREASING UTILIZATION OF HEALTHCARE SERVICES. There are a number of factors driving an increase in the utilization of healthcare services, including:

- Increasing demand for healthcare services as a result of the aging of the baby boomers; and

- Technological advances in healthcare delivery.

The U.S. Healthcare Financing Administration projects total healthcare expenditures to grow by 8.6% in 2001 and by 7.1% annually from 2001 through 2010. According to these projections, healthcare expenditures will account for approximately $2.6 trillion or 15.9% of U.S. gross domestic product by 2010.

INCREASED OUTSOURCING OF STAFFING SERVICES. Healthcare providers are increasingly using temporary staffing to manage seasonal fluctuations in demand for their services.

The following factors have created seasonal fluctuations in demand for healthcare personnel:

- Seasonal population swings, in areas such as the sunbelt states of Florida, Arizona and California in the winter months and the northeast in the summer months.

- Seasonal changes in occupancy rates that tend to increase during the winter months and decrease during the summer months.

The use of temporary personnel enables these providers to vary their staffing levels to match these changes in demand and avoid the more costly alternative of hiring permanent medical staff.

The healthcare staffing industry also includes the temporary staffing of doctors and dentists, allied health personnel and professionals, and advanced practice professionals, but excludes home healthcare services. Healthcare staffing is also expanding, providing new specialties such as medical billing and receptionists.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- LEADER IN THE RAPIDLY GROWING NURSE STAFFING INDUSTRY. We have operated in the travel nurse staffing industry since the 1970s and have the leading brand name. Our Cross Country TravCorps brand is well recognized among leading healthcare providers and professionals. We believe that through our relationships with existing travel nurse staffing clients, we are positioned to effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training to our existing client base.

- STRONG AND DIVERSE CLIENT RELATIONSHIPS. We provide staffing solutions to an active client base of over 2,500 hospitals, pharmaceutical companies and other healthcare providers across all 50 states. We do not rely on any geographic region or client for a significant portion of our revenue. No single client accounted for more than 3% of our revenue in 2000. In 2000, we worked with over 75% of the nation's top hospitals, as identified by U.S. NEWS AND WORLD REPORT. We provide temporary staffing to our clients through assignments that typically have terms of 13 weeks or longer. Our fees are paid directly by our clients rather than by government or other third-party payors.

- LEADER IN RECRUITING AND EMPLOYEE RETENTION. We are a leader in the recruitment and the retention of highly qualified healthcare professionals. We recruit healthcare professionals from all 50 states and Canada. In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. Employee referrals generate a majority of our new candidates. We believe we offer appealing assignments, competitive compensation packages, attractive housing options and other valuable benefits. Historically, approximately 70% of our nurses accepted new assignments with us within 35 days of completion of previous assignments. In 1996, we established Cross Country University, the first educational program in the travel nurse industry to be accredited by the American Nurse Credentialing Center. In 2000, we were recognized by WORKING MOTHER MAGAZINE as a top 100 national employer of working mothers.

- SCALABLE AND EFFICIENT OPERATING STRUCTURE. We have an efficient centralized operating structure that includes a database of more than 146,000 nurses and other healthcare professionals who have completed job applications with us. Our size and centralized structure provide us with operating efficiencies in key areas such as recruiting, advertising, marketing, training, housing and insurance benefits. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. This system is designed to accommodate significant future growth of our business.

- STRONG MANAGEMENT TEAM WITH EXTENSIVE HEALTHCARE STAFFING AND ACQUISITION EXPERIENCE. Our management team has played a key role in the development of the travel nurse staffing industry. Our management team, which averages 15 years of experience in the healthcare industry, has consistently demonstrated the ability to successfully identify and integrate strategic acquisitions.

OUR BUSINESS

TRAVEL STAFFING SERVICES

OVERVIEW

We are a leading provider of travel nurse staffing services. Under the Cross Country TravCorps brand, we provide nurses on a fixed-term contract basis throughout the U.S. We fill the majority of our assignments in acute care hospitals, including teaching institutions, trauma centers and community hospitals. We also fill assignments in non-acute care settings, including nursing homes, skilled nursing facilities and sports medicine clinics, and, to a lesser degree, in non-clinical settings, such as schools. We staff both public and private, for-profit and not-for-profit facilities. In addition to our core nurse staffing business, we provide operating room technicians, therapists and other allied health and advanced practice professionals in a wide range of specialties.

We recruit credentialed nurses and other healthcare professionals and place them on assignments away from their homes. While these traveling nurses and other healthcare professionals may be registered with multiple staffing companies, we distinguish ourselves by providing our field employees with high levels of customer service, including access to a large inventory of assignments, free or subsidized housing, competitive benefits, retention programs, professional liability and other insurance, ongoing training and education, and state licensing assistance.

CONTRACTS WITH FIELD EMPLOYEES AND CLIENTS

Our field employees work predominantly under contracts where the individual is our employee and, as such, we assume all employee costs, including payroll, withholding taxes, benefits and professional liability insurance and Occupational Safety and Health Administration, or OSHA, requirements, as well as any travel and housing arrangements. Clients are billed an hourly rate payable to us, from which the nurse or practitioner is paid a predetermined salary and, in some cases, a bonus.

We operate under client contracts that typically have a term of 13 weeks or longer. We also offer mobile contracts, under which the individual is an employee of the client facility for the purposes of payroll and we accept an hourly or weekly administrative fee. Our fees are paid directly by our clients rather than by government or other third-party payors. In 2000, we completed approximately 11,000 individual assignments, typically lasting 13 weeks.

RECRUITING AND RETENTION

In 2000, we received approximately 28,000 requests for applications from potential field employees and approximately 12,500 completed applications were added to our database. More than half of our field employees have been referred by current or former employees, with the remainder attracted by advertisements in trade publications and our internet website. Our internet site allows potential applicants to review our business profile, apply on-line, view our company-provided housing and participate in on-line forums. We offer appealing assignments, attractive compensation packages, housing and other benefits, as well as substantial training opportunities through Cross Country University.

Our recruiters are responsible for recruiting applicants, handling placements, maintaining a regular dialogue with nurses on assignment, making themselves available to address nurses' concerns regarding current assignments and future opportunities, and other significant job support and guidance. Recognizing that a nurse's relationship with the recruiter is the key to retaining qualified applicants, our recruiters establish lasting partnerships with the nurses. As part of the screening process, we conduct in-depth telephone interviews with our applicants and verify references to determine qualifications. Along with our hospital clients, we typically review our travel nurses' performance after each assignment and use this information to maintain the high quality of our staffing.

Our recruiters utilize our sophisticated database of positions, which is kept up-to-date by our account managers, to match assignment opportunities with the experience, skills and geographic preferences of their candidates. Once an assignment is selected, the account manager reviews the candidate's resume package before submitting it to the client for review.

Our educational and training services give us a competitive advantage by enhancing both the quality of our nurses and the effectiveness of our recruitment efforts. We typically monitor the quality of our workforce in the field through performance reviews after each assignment and further develop the capabilities of our recruits through Cross Country University and our Cross Country Seminars brand. These services offer substantial benefits, such as:

- improving the quality of our nurses by offering them substantial training opportunities;

- enabling our nurses to easily complete state licensing requirements;

- providing professional development opportunities to our nurses; and

- enhancing our image within the industry.

We recently initiated Assignment America, a recruitment program for foreign-trained nurses. Assignment America is designed to address the current shortage of nurses in the United States. Through Assignment America, we plan to recruit registered nurses from foreign English-speaking countries, assist them in obtaining U.S. nursing licenses, sponsor them for U.S. permanent residency visas and then place them in domestic acute care hospitals. We believe Assignment America will help us meet a greater portion of the demand for our services. Because the recruitment process for foreign nurses is more onerous than for domestic nurses, Assignment America nurses commit to long-term contracts which typically range from 18 to 24 months. We plan to initially recruit nurses from the United Kingdom, South Africa, New Zealand and Australia.

OPERATIONS

We service all of the assignment needs of our field employees and client facilities through two operations centers located in Boca Raton, FL and Malden, MA. These centers perform key support activities such as coordinating assignment accommodations, payroll processing, benefits administration, billing and collections, contract processing, client care, and risk management.

Hours worked by field employees are recorded by our operations system which then transmits the data directly to Automated Data Processing for payroll processing. As a result, client billings can be generated automatically once the payroll information is complete, enabling real time management reporting capabilities as to hours worked, billings and payroll costs. Our payroll department also provides customer support services for field employees who have questions.

We have approximately 2,900 apartments on lease throughout the U.S. Our client accommodations department secures leases, and arranges for furniture rental and utilities for field employees at their assignment locations. Typically, we provide for shared accommodations with lease terms which correspond to the length of the assignment. We believe that our economies of scale help us secure preferred pricing and favorable lease terms.

We have also developed expertise in insurance, benefits administration and risk management. For workers compensation coverage, we provide an attractive program that is partially self-insured. For medical coverage, we use a partially self-insured preferred provider organization plan.

SALES AND MARKETING

Our sales and marketing activities are comprised of the following:

NEW ACCOUNT DEVELOPMENT. Our new account development efforts are driven principally through inbound telemarketing activities managed by a two-person team of new business executives. In addition to negotiating new contracts with prospective clients, these account executives also actively seek out specific job opportunities for candidates who are not able to match our existing database of opportunities. These activities generate approximately 350 new clients each year.

MANAGEMENT OF EXISTING ACCOUNTS. We have a sales force composed of account executives and managers of business development assigned to geographic markets who manage approximately 75 to 90 client accounts each. This sales force determines the appropriate billing rate and nurse pay rate for a given facility utilizing a proprietary pricing model.

Day-to-day management of client accounts is handled by a team of approximately 20 professionals. The account managers, who often have a nursing background, are responsible for contacting active client facilities to obtain open orders for staff. Once a candidate is submitted to the account manager for submission to the facility, the account manager reviews the candidate's credentials and confirms the appropriateness of the match. The account manager then electronically submits appropriate materials to the facility.

BRAND MARKETING. Our brand marketing initiatives help develop Cross Country's image in the markets we serve. Our brand is reinforced by our professionally designed website, brochures and pamphlets, direct mail and advertising materials. We believe that our branding initiatives coupled with our high-quality client service differentiate us from our competitors and establish us as a leader in temporary nurse staffing.

TRADE AND ASSOCIATION RELATIONSHIP MANAGEMENT. We actively manage trade and association relationships through attendance at numerous national, regional and local conferences and meetings, including National Association of Health Care Recruiters, Association of Critical Care Nurses, American Organization of Nurse Executives, American Society for Healthcare Human Resource

Administration, American College of Healthcare Executives and Medical Group Management Association.

CLINICAL RESEARCH AND TRIALS STAFFING

Through our ClinForce brand, we provide clinical research professionals for both contract assignments and permanent placement to many of the world's leading companies in the pharmaceutical, biotechnology, medical device and related industries. We provide an array of professionals in such areas as clinical research and clinical data sciences, medical review and writing, and pharmaeconomics and regulatory affairs. Our understanding of the clinical research process enables us to provide responsive service to our clients and to offer greater opportunities to our research professionals.

PER DIEM STAFFING

Cross Country Local provides per diem nurse staffing services to healthcare facilities in select markets. Per diem staffing is short-term, shift-by-shift staffing to augment, or replace, longer term, temporary assignments. While per diem services accounted for less than 1% of our revenue in 2000, we believe this market presents a significant growth opportunity.

OTHER HUMAN CAPITAL MANAGEMENT SERVICES

We provide an array of healthcare-oriented human capital management services, which complement our core travel nurse staffing business. These services include:

- SEARCH AND RECRUITMENT. We provide both retained and contingency search and recruitment services to healthcare organizations throughout the United States, including hospitals, pharmaceutical companies, insurance companies and physician groups. Our search services include the placement of physicians, healthcare executives and nurses.

- HEALTHCARE CONSULTING SERVICES. We provide healthcare-oriented consulting services, including consulting related to physician compensation, strategy, operations, facilities planning, workforce management and merger integration.

- EDUCATION AND TRAINING SERVICES. Cross Country University is a national leader in providing continuing education programs to the healthcare industry. Cross Country University holds national conferences, as well as one-day seminars, on topics relevant to nurses and healthcare professionals and provides conference management services. To enhance Cross Country University, in December 2000 we acquired Heritage, which produced over 2,600 seminars and conferences that were attended by over 65,000 registrants in more than 200 cities across the U.S. in 2000. In addition, we extend these educational services to our field employees on favorable terms as a recruitment and retention tool.

- RESOURCE MANAGEMENT SERVICES. We provide software tools and services designed to enhance clients' capabilities to manage their nursing staff and their relationships with external staffing vendors. Our E-Staff tool is a subscription-based, online communication, scheduling and training service for the nursing industry.

SYSTEMS

Our placement and support operations are supported by sophisticated information systems that facilitate smooth interaction between our recruitment and support functions. Our fully integrated proprietary information system enables us to manage virtually all aspects of our travel staffing operations. The system is designed to accommodate significant future growth of our business. In addition, its parallel process design allows for the addition of further capacity to its existing hardware platform. We have proprietary software that handles most facets of our business, including contract

pricing and profitability, contract processing, job posting, housing management, billing/payroll and insurance. Our systems provide reliable support to our facility clients and field employees and enable us to efficiently fulfill and renew job assignments. Our systems also provide detailed information on the status and skill set of each registered field employee.

Our financial and management reporting is managed on the PeopleSoft Financial Suite. PeopleSoft is an industry leading enterprise resource planning software suite that provides modules used to manage our accounts receivable, accounts payable, general ledger and billing. This system is designed to accommodate significant future growth of our business.

GROWTH STRATEGY

We intend to continue to grow our businesses by:

- ENHANCING OUR ABILITY TO FILL UNMET DEMAND FOR OUR TRAVEL STAFFING SERVICES. There is substantial unmet demand for our travel staffing services. We are striving to meet a greater portion of this demand by recruiting additional healthcare personnel. Our recruitment strategy for nurses and other healthcare professionals is focused on:

  - increasing referrals from existing field employees by providing them with superior service;

  - expanding our advertising presence to reach more nursing professionals;

  - using the internet to accelerate the recruitment-to-placement cycle;

  - increasing the number of staff dedicated to the recruitment of new nurses; and

  - developing Assignment America, our recruitment program for foreign-trained acute care nurses residing abroad.

- INCREASING OUR MARKET PRESENCE IN THE PER DIEM STAFFING MARKET. We intend to use our existing brand recognition, client relationships and database of nurses who have expressed an interest in temporary assignments to expand our per diem services to the acute care hospital market. While we have not historically had a significant presence in per diem staffing services, we believe that this market presents a substantial growth opportunity.

- EXPANDING THE RANGE OF SERVICES WE OFFER OUR CLIENTS. We plan to utilize our relationships with existing travel staffing clients to more effectively market complementary services, including staffing of clinical trials and allied health professionals, search and recruitment, consulting, and education and training.

- ACQUIRING COMPLEMENTARY BUSINESSES. We intend to continue to evaluate opportunities to acquire complementary businesses to strengthen and broaden our market presence.

- INCREASING OPERATING EFFICIENCIES. We seek to increase our operating margins by increasing the productivity of our administrative personnel, using our purchasing power to achieve greater savings in key areas such as housing and benefits and continuing to invest in our information systems.

COMPETITIVE ENVIRONMENT

The travel nurse staffing industry is highly competitive, with limited barriers to entry. Our principal competitor in the travel nurse staffing industry is American Mobile Healthcare. We also compete with a number of nationally and regionally focused temporary nurse staffing companies that have the capabilities to relocate nurses geographically and, to a lesser extent, with local temporary nurse agencies.

In addition, the markets for our clinical staffing, allied staffing and per diem nurse staffing and for our healthcare-oriented human capital management services are highly competitive and highly fragmented, with limited barriers to entry.

The principal competitive factors in attracting qualified candidates for temporary employment are salaries and benefits, quality of accommodations, quality and breadth of assignments, speed of placements, quality of recruitment teams and reputation. We believe that persons seeking temporary employment through us are also pursuing employment through other means, including other temporary staffing firms, and that multiple staffing companies have the opportunity to place employees with many of our clients. Therefore, the ability to respond to candidate inquiries and submit candidates to clients more quickly than our competitors is an important factor in our ability to fill assignments. In addition, because of the large overlap of assignments, we focus on retaining field employees by providing long-term benefits such as 401(k) plans and cash bonuses. Although we believe that the relative size of our database and economies of scale derived from the size of our operations make us an attractive employer for nurses seeking travel opportunities, we expect competition for candidates to continue to increase.

The principal competitive factors in attracting and retaining temporary healthcare staffing clients include the ability to fill client needs, size of available pool of qualified candidates, quality assurance and screening capabilities, compliance with regulatory requirements, an understanding of the client's work environment, risk management policies and coverages, general industry reputation, and, to a lesser extent, price.

FACILITIES

We do not own any real property. Our principal leases are listed below.

LOCATION	FUNCTION	SQUARE FEET	LEASE EXPIRATION
Boca Raton, Florida	Headquarters	43,000	April 30, 2008
Malden, Massachusetts	Staffing administration, general office use and storage space	27,812	June 30, 2005
Clayton, Missouri	Search and recruitment headquarters	26,411	November 30, 2003
Durham, North Carolina	Clinical research and trials staffing headquarters	12,744	December 31, 2004

REGULATORY ISSUES

In order to service our client facilities and to comply with OSHA and Joint Commission or Accreditation of Healthcare Organizations standards, we have developed a risk management program. The program is designed to protect against the risk of negligent hiring by requiring a detailed skills assessment from each healthcare professional. We conduct extensive reference checks and credential verifications for each of the nurses and other healthcare professionals that we might staff. In addition, we have a claims-based professional liability insurance policy with a limit of $1.0 million per claim and an aggregate limit of $3.0 million. We also have a fully insured umbrella liability insurance policy with a limit of $10.0 million.

PROFESSIONAL LICENSURE AND CORPORATE PRACTICE. Nurses and other healthcare professionals employed by us are required to be individually licensed or certified under applicable state law. In addition, the healthcare professionals that we staff frequently are required to have been certified to provide certain medical care, such as CPR and anesthesiology, depending on the positions in which they are placed. Our comprehensive compliance program is designed to ensure that our employees possess all necessary

licenses and certifications, and we believe that our employees, including nurses and therapists, comply with all applicable state laws.

BUSINESS LICENSES. A number of states require state licensure for businesses that, for a fee, employ and assign personnel, including healthcare personnel, to provide services on-site at hospitals and other healthcare facilities to support or supplement the hospitals' or healthcare facilities' work force. A number of states also require state licensure for businesses that operate placement services for individuals attempting to secure employment. Failure to obtain the necessary licenses can result in injunctions against operating, cease and desist orders, and/or fines. We endeavor to maintain in effect all required state licenses.

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

EMPLOYEES

As of March 31, 2001, we had approximately 650 corporate employees and approximately 5,000 field employees. None of our employees are subject to a collective bargaining agreement. We consider our relationship with our employees to be good.

LEGAL PROCEEDINGS

We are not presently a party to any material legal proceedings.

DIRECTORS AND EXECUTIVE OFFICERS

The table below provides information regarding our directors and executive officers. In connection with our application to list our common stock on the Nasdaq National Market, we intend to appoint three additional directors prior to the offering who will not be our employees or affiliated with management.

NAME	AGE	POSITION
Joseph A. Boshart	45	President and Chief Executive Officer and Director
Emil Hensel	50	Chief Financial Officer and Chief Operating Officer and Director
Vickie Anenberg	36	President, Travel Staffing Division
Kevin Conlin	43	President, Consulting Division
Dr. Franklin A. Shaffer, RN	58	President, Education and Training Division
Tony Sims	41	President, Clinical Trials Staffing Division
Carol D. Westfall	51	President, Search and Recruitment Division
Karen H. Bechtel	52	Director
Bruce A. Cerullo	42	Director
Thomas C. Dircks	43	Director
A. Lawrence Fagan	71	Director
Alan Fitzpatrick	31	Director
Fazle Husain	37	Director
Lori Livers	35	Director

JOSEPH A. BOSHART has served as President and Chief Executive Officer since July 1999, and formerly served in such capacity at our predecessor since 1993. He has served as a director since July 1999. Mr. Boshart holds a B.S. degree in economics from the University of Michigan.

EMIL HENSEL has served as Chief Financial Officer and Chief Operating Officer since July 1999 and formerly served in such capacity at our predecessor since 1991. He has served as a director since July 1999. Mr. Hensel holds a B.S. degree in electrical engineering from Columbia University and a Masters degree in Business Administration from New York University.

VICKIE ANENBERG has served as President of the Travel Staffing Division since February 2000, and formerly served as Vice President of the Nursing Division for our predecessor, since 1995. Prior to joining Cross Country Staffing in 1990, she worked for Proctor & Gamble since 1986.

KEVIN CONLIN has served as President of the Consulting Division since April 2001. Before joining Cross Country, he served from 1996 to March 2001 as the President and Chief Executive Officer of Partners First, a consulting firm focused on physician-hospital partnering and managed care. He also served as a senior executive at Ascension Health, one of the largest not-for-profit hospital systems in the U.S. He holds a B.A. in Biological Sciences from Rutgers University and a Masters of Health Administration from Duke University.

DR. FRANKLIN A. SHAFFER, RN has served as President, Education and Training Division since March 2001. He also served as Vice President in our Education Division since February 1996. Dr. Shaffer has also served as adjunct faculty in graduate nursing programs at Teachers College, Columbia University, Adelphi University and Hunter College. Dr. Shaffer holds a Doctorate of Education in Nursing Administration and a Masters of Education and a Masters of Arts from Teachers College, Columbia University.

TONY SIMS has served as President, Clinical Trials Staffing Division since January 2001, as Executive Vice President of Operations for ClinForce from March 1998 to December 2000 and as Managing

Director of ClinForce from August 1997 to March 1998. Before joining ClinForce, Mr. Sims served in various roles, including National Account Executive and Business Development Manager, with the healthcare staffing and support groups at Kelly Scientific Resources from August 1996 to August 1997. Mr. Sims holds a B.S. in Chemistry from Piedmont College.

CAROL D. WESTFALL has served as President, Search and Recruitment Division since October 2000. Ms. Westfall served as Senior Vice President of Cejka & Company's Physician Search and Outsourced Executive Search Divisions from August 1999 to October 2000 and Vice President of the Outsourced Executive and Physician Search Division from 1994 to July 1999. Ms. Westfall holds a B.S. degree in Education from Michigan State University and has completed graduate work in Secondary Administration with Purdue University.

KAREN H. BECHTEL has been a director since December 1999. Ms. Bechtel has been a Managing Director of MSDW Capital Partners IV, Inc. since 1998 and of Morgan Stanley & Co. Incorporated since 1986. She received a B.A. in mathematics from the University of Texas and an M.B.A. from the Harvard Graduate School of Business Administration. She is also a director of a number of privately held companies.

BRUCE A. CERULLO has been a director since December 1999 and served as Chairman of the Board from December 1999 until December 2000. Mr. Cerullo served as President of TravCorps from 1994 to December 1999 and Chief Executive Officer of TravCorps from 1995 to December 1999. Mr. Cerullo holds a B.S. degree from the University of New Hampshire and a master's degree from Pennsylvania State University.

THOMAS C. DIRCKS has been a director since December 1999, and has been President of Charterhouse Group International, a private equity firm, since June 2001. Mr. Dircks served as Executive Vice President of Charterhouse from July 2000 until June 2001 and has been employed as an executive officer of Charterhouse since 1983. He was previously employed as a Certified Public Accountant at a predecessor of PricewaterhouseCoopers, LLP. He holds a B.S. in Accounting and an M.B.A. from Fordham University. Mr. Dircks also is a director of Interliant, Inc., an application service provider, and a number of privately held companies.

A. LAWRENCE FAGAN has been a director since December 1999. Mr. Fagan has been Vice Chairman of Charterhouse since June 2001 and served as President and Chief Operating Officer of Charterhouse from December 1996 until June 2001 and formerly served as Executive Vice President of Charterhouse since 1984. Mr. Fagan received a B.A. from Yale University and an M.B.A. from Columbia University. He also is a director of Top Image Systems, Ltd. and a number of privately held companies.

ALAN FITZPATRICK has been a director since March 2001. Mr. Fitzpatrick has been a Vice President of Morgan Stanley & Co. Incorporated and MSDW Capital Partners IV, Inc. since 2000. He joined Morgan Stanley Private Equity in June 1999. Mr. Fitzpatrick was previously employed as an Associate at J.P. Morgan & Co. from August 1997 to May 1999 and attended The Wharton School from 1995 to May 1997. He received a B.A. in Economics from Carleton College and an M.B.A. from the University of Pennsylvania.

FAZLE HUSAIN has been a director since December 1999. He has been an Executive Director of Morgan Stanley Private Equity and Morgan Stanley & Co., Inc. since February 1997. Mr. Husain has been at Morgan Stanley Private Equity since 1987, and since 1991 has focused on investing in medical technology and enterprise software industries. Mr. Husain received a B.S. in Chemical Engineering from Brown University and an M.B.A. from Harvard Graduate School of Business Administration. He also is a director of Allscripts, Inc., The Medicines Company, HealthStream, Cardiac Pathways and several privately held companies.

LORI LIVERS has been a director since December 1999. Ms. Livers has been a Senior Vice President of Charterhouse since June 2001 and was a Vice President of Charterhouse from January 1997 until

June 2001. Ms. Livers has been employed at Charterhouse since April 1994. She holds a B.A. from the University of Pennsylvania and an M.B.A. from Columbia University.

THE BOARD OF DIRECTORS

Currently, we have nine members on our board of directors. We intend to add three independent directors before the date of the offering. Each of our directors was elected by Charterhouse and investment funds managed by Morgan Stanley Private Equity in accordance with the provisions of our by-laws and our stockholders' agreement. Each of our directors holds office until his or her successor is duly elected and qualified or until his or her resignation or removal, if earlier, as provided in our by-laws. No family relationship exists among any of the directors or executive officers.

COMMITTEES OF THE BOARD OF DIRECTORS

We have established an audit committee and a compensation committee. The audit committee reviews our internal accounting procedures and considers and reports to the board of directors with respect to other auditing and accounting matters, including the selection of our independent auditors, the scope of annual audits, fees to be paid to our independent auditors and the performance of our independent auditors. Our audit committee currently consists of Thomas Dircks, Lori Livers and Fazle Husain. In connection with our application to list our common stock on the Nasdaq National Market, we intend to change the membership of our audit committee to consist of three directors who are not our employees or otherwise affiliated with us. The compensation committee reviews and recommends to the board of directors the salaries, benefits and stock option grants for all employees, consultants, directors and other individuals compensated by us. The compensation committee also administers our stock option and other employee benefit plans. The compensation committee consists of Thomas Dircks, Lori Livers and Karen Bechtel.

EXECUTIVE COMPENSATION

The following table sets forth certain summary information with respect to compensation we paid in 2000 to our Chief Executive Officer and our four other most highly compensated executive officers as of December 31, 2000 whose salary and bonus earned in 2000 exceeded $100,000.

NAME AND POSITION	SALARY ($)	BONUS ($)	ALL OTHER COMPENSATION ($)(A)
Joseph A. Boshart..... President and Chief Executive Officer	263,465	193,883	5,250
Emil Hensel..... Chief Financial Officer and Chief Operating Officer	218,976	159,794	5,250
Vickie Anenberg..... President, Travel Staffing Division	112,769	70,318	3,938
Dr. Franklin A. Shaffer, RN..... President, Education and Training Division	114,000	12,000	3,201
Carol D. Westfall..... President, Search and Recruitment Division	140,000	280,740	8,603

(a) Amounts consist of employer matching contributions to our 401(k) plan, except that Ms. Westfall's amount also includes a $3,503 matching contribution to a non-qualified savings program.

AGGREGATED OPTION VALUES AS OF DECEMBER 31, 2000

The executive officers named in the summary compensation table did not exercise any stock options during the year ended December 31, 2000. The following table sets forth information concerning the year-end number and value of unexercised options with respect to our named executive officers. There was no public trading market for our common stock as of December 31, 2000. Accordingly, the values set forth below have been calculated on the basis of the assumed initial public offering price of $ per share, less the applicable exercise price per share, multiplied by the number of shares underlying the options.

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR-END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR-END ($)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Joseph A. Boshart	22,094	66,281		
Emil Hensel	17,675	53,025		
Vickie Anenberg	8,838	26,512		
Dr. Franklin A. Shaffer, RN	2,488	7,462		
Carol D. Westfall	1,450	4,350		

OPTION GRANTS

No stock options were granted for the year ended 2000 to any of Mr. Boshart, Mr. Hensel, Ms. Anenberg, Dr. Shaffer or Ms. Westfall.

EMPLOYMENT AGREEMENTS

We are party to employment agreements with each of Joseph Boshart and Emil Hensel, pursuant to which Mr. Boshart serves as our president and chief executive officer and Mr. Hensel serves as our chief operating officer and chief financial officer. The initial term of each agreement expires on July 29, 2002. Upon expiration of such initial term, each agreement will be automatically renewed for successive one-year terms unless prior to the end of such renewal term either party has given at least 90 days' prior written notice of its intention not to renew the agreement. Messrs. Boshart and Hensel currently receive annual base salaries of $273,000 and $225,000, respectively. These salaries are subject to increase upon annual review by the board of directors, and each of Messrs. Boshart and Hensel is eligible to receive an annual bonus under our bonus plan. Messrs. Boshart and Hensel are eligible to participate in all benefit plans and fringe benefit arrangements available to our senior executives. If either executive's employment is terminated without cause, the executive will be entitled to the greater of (x) base salary, for the balance of the initial or renewal term, certain other benefits provided in the agreement and bonus for the fiscal year in which termination occurs and (y) one year's worth of his base salary in effect as of the date of termination. Each of Messrs. Boshart and Hensel is subject to a two-year post-termination noncompetition covenant. However, if either executive's employment is terminated without cause, then the non-competition agreement will be effective only if we continue to pay the executive's base salary, bonus and other benefits provided in the agreement for the term of the noncompetition covenant. We are permitted to terminate the noncompetition covenant, and related payments, upon 30 days' prior written notice.

OUR STOCK PLANS

1999 STOCK OPTION PLAN. We have reserved for issuance 209,302 shares of common stock under our 1999 Stock Option Plan, subject to adjustment for stock splits or similar corporate events. Our 1999 Stock Option Plan provides for the granting of options to purchase shares of our common stock to any of our employees or consultants. Each stock option granted under our 1999 Stock Option Plan is either

intended to qualify as an incentive stock option or is a non-qualified stock option. The plan is currently administered by the compensation committee of our board of directors. The exercise price of options granted under our 1999 Stock Option Plan is determined by the committee, except that in the case of substitute options, the exercise price cannot be less than 100% of the fair market value of the common stock on the date of the grant. In the case of incentive stock options granted to ten percent stockholders, the exercise price cannot be less than 110% of the fair market value of the common stock. In the event of a change of control of our company, stock options granted and not previously exercisable, will become exercisable unless the committee determines in good faith that an alternative option will be substituted. As of March 31, 2001, under our 1999 Stock Option Plan, options to purchase shares of common stock were outstanding.

EQUITY PARTICIPATION PLAN. We have reserved for issuance 441,860 shares of common stock under our Equity Participation Plan, subject to adjustment for stock splits or similar corporate events. Our Equity Participation Plan provides for the granting of options to purchase shares of our common stock to key management employees of our company and our affiliates. Each stock option granted under our Equity Participation Plan is either intended to qualify as an incentive stock option or is a non-qualified stock option. The exercise price of options granted under our Equity Participation Plan is divided into five tranches ranging from 100 percent to 300 percent of the fair market value of the common stock on the date of grant. However, for incentive stock options granted to ten percent stockholders, the exercise price in the first tranche cannot be less than 110 percent of the fair market value of the common stock on the date of grant. The plan is currently administered by the compensation committee of our board of directors. In the event of a change in control of our company, stock options granted and not previously exercisable, will become exercisable unless the committee determines in good faith that an alternative option will be substituted. As of March 31, 2001, under our Equity Participation Plan, options to purchase shares of common stock were outstanding.

401(K) PLAN. We maintain a 401(k) Plan. The plan permits eligible employees to make voluntary, pre-tax contributions to the plan up to a specified percentage of compensation, subject to applicable tax limitations. We may make a discretionary matching contribution to the plan equal to a pre-determined percentage of an employee's voluntary, pre-tax contributions and may make an additional discretionary profit sharing contribution to the plan, subject to applicable tax limitations. Eligible employees who elect to participate in the plan are generally vested in any matching contribution after three years of service with the company. The plan is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code so that contributions to the plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the plan, and so that our contributions, if any, will be deductible by us when made.

RELATED PARTY TRANSACTIONS

In connection with our acquisition of the assets of Cross Country Staffing in July 1999 from W. R. Grace, CEP III purchased 2,039,228 shares of our common stock for an aggregate of $71.8 million, and we paid a transaction fee to Charterhouse in the amount of $2.8 million. In addition, in July 1999, in connection with the acquisition, Messrs. Boshart and Hensel and Ms. Anenberg purchased 29,829, 14,204 and 2,842 shares of our common stock for an aggregate of $1.7 million.

In December 1999, Messrs. Boshart, Hensel and Shaffer and Ms. Anenberg received stock bonuses of 1,525, 1,500, 375 and 725 shares of our common stock for a purchase price of $0.01 per share.

In connection with our acquisition of TravCorps in December 1999, investment funds managed by Morgan Stanley Private Equity acquired 1,233,345 shares of our common stock in exchange for their shares of TravCorps common stock. In addition, in connection with the our acquisition of TravCorps, we paid a transaction fee to Charterhouse in the amount of $0.3 million.

We are party to an agreement with Bruce Cerullo, pursuant to which Mr. Cerullo has agreed to continue as a Director and provide certain consulting services to us. He is subject to a four-year noncompetition covenant which expires four years from the date he ceases to serve as a director. Under the agreement, we will pay him an hourly sum for such consulting services. Additionally, he retained all options that were vested and exercisable as of December 31, 2000 in consideration of his continued service as a director.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of July 1, 2001 and as adjusted to reflect the sale of the shares of common stock pursuant to this offering for:

- each person who is known by us to be the beneficial owner of more than 5% of our common stock;
- each executive officer named in the summary compensation table;
- each of our directors; and
- all directors and executive officers as a group.

In connection with our application to list our common stock on the Nasdaq National Market, we intend to appoint three additional directors prior to this offering who will not be our employees or affiliated with management.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the securities. Except as otherwise indicated, the persons or entities listed below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, except to the extent such power may be shared with a spouse.

NAME AND ADDRESS	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING	PERCENT BENEFICIALLY OWNED(A)	
		BEFORE OFFERING	AFTER OFFERING
5% STOCKHOLDERS:			
Charterhouse Equity Partners III, L.P.(b) c/o Charterhouse Group International, Inc. 535 Madison Avenue New York, NY 10022	2,167,681	51.8%	%
Morgan Stanley Private Equity(c) 1221 Avenue of the Americas, 33rd Floor New York, NY 10020	1,357,926	32.4	
DIRECTORS:			
Karen H. Bechtel(d)	--		
Joseph A. Boshart(e)	68,600	1.6	
Bruce A. Cerullo(f)	75,636	1.8	
Thomas C. Dircks(g)	--	--	
A. Lawrence Fagan(g)	--	--	
Alan Fitzpatrick(d)	--	--	
Emil Hensel(h)	45,262	1.1	
Fazle Husain(d)	--	--	
Lori Livers(g)	--	--	
OTHER NAMED EXECUTIVE OFFICERS:			
Vickie Anenberg(i)	17,737	*	*
Dr. Franklin A. Shaffer, RN(j)	6,001	*	*
Carol D. Westfall(k)	3,066	*	*
All directors and executive officers as a group (14 persons)(l)	216,302	5.2%	%

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* Less than 1%.

(a) For purposes of this table, information as to the shares of common stock assumes, in the case of the column "After Offering," that the underwriters' over-allotment option is not exercised. In addition, a person or group of persons is deemed to have "beneficial ownership" of any shares of common stock when such person or persons has the right to acquire them within 60 days after the date of this prospectus. For purposes of computing the percentage of outstanding shares of

common stock held by each person or group of persons named above, any shares which such person or persons have the right to acquire within 60 days after the date of this prospectus is deemed to be outstanding but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(b) The general partner of CEP III is CHUSA Equity Investors III, L.P., whose general partner is CEP III, Inc., a wholly owned subsidiary of Charterhouse. As a result of the foregoing, all of the shares held by CEP III would, for purposes of the Securities Exchange Act of 1934, be considered to be beneficially owned by Charterhouse.

(c) Consists of 1,223,320 shares owned by Morgan Stanley Dean Witter Capital Partners IV, L.P. and its related investment funds (collectively, "MSDWCP") and 134,606 shares owned by Morgan Stanley Venture Partners III, L.P. and its related investment funds (collectively, "MSVP"). The general partner of MSDWCP is MSDW Capital Partners IV, LLC, the institutional managing member of which is MSDW Capital Partners IV, Inc. ("MSDWCP Inc."), a wholly owned subsidiary of Morgan Stanley Dean Witter & Co. ("MSDW"). The general partner of MSVP is Morgan Stanley Venture Partners III, L.L.C., the institutional managing member of which is Morgan Stanley Venture Partners III, Inc. ("MSVP Inc."), a wholly owned subsidiary of MSDW.

(d) Karen H. Bechtel is a Managing Director of MSDWCP Inc. and Morgan Stanley & Co. Incorporated, ("MS & Co."), a wholly owned subsidiary of MSDW. Alan Fitzpatrick is a Vice President of MSDWCP Inc. and MS & Co. Fazle Husain is an Executive Director of MSVP Inc. and MS & Co. Ms. Bechtel and Messrs. Fitzpatrick and Husain each disclaim beneficial ownership of the shares of common stock beneficially owned by Morgan Stanley Private Equity and its affiliates, except to the extent of any direct pecuniary interest therein.

(e) Includes 33,141 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(f) Includes 22,094 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(g) Thomas C. Dircks, A. Lawrence Fagan and Lori Livers are executive officers of Charterhouse. Mr. Fagan is also a director and stockholder of Charterhouse. Messrs. Dircks and Fagan and Ms. Livers each disclaim beneficial ownership of the shares of common stock beneficially owned by Charterhouse.

(h) Includes 26,513 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(i) Includes 13,256 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(j) Includes 3,731 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(k) Includes 1,863 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

(l) Includes an aggregate of 100,598 shares subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus.

DESCRIPTION OF CAPITAL STOCK

Our amended and restated certificate of incorporation, which will become effective prior to the consummation of the offering, authorizes the issuance of up to shares of common stock and shares of preferred stock, the rights and preferences of which may be established from time to time by our board of directors. As of , 2001, we had shares of common stock outstanding and no shares of preferred stock outstanding.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated by-laws are summaries and are qualified by reference to the certificate of incorporation and the by-laws that will become effective prior to the effective date of the registration statement registering shares included in this offering. Copies of these documents have been filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part.

COMMON STOCK

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders and do not have cumulative voting rights. Accordingly, a plurality of the votes cast in any election of directors may elect all of the directors standing for election. Morgan Stanley and Charterhouse have certain rights with respect to the board of directors and other related matters. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of legally available funds. Upon our liquidation, dissolution or winding-up, holders of common stock are entitled to receive ratably our net assets available for distribution after the payment of all of our liabilities. The outstanding shares of common stock are, and the shares sold in the offering will be, when issued and paid for, validly issued, fully paid and nonassessable.

PREFERRED STOCK

The board of directors has the authority, without action by the stockholders, to designate and issue preferred stock and to designate the rights, preferences and privileges of each series of preferred stock, which may be greater than the rights attached to the common stock. It will not be possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of common stock until the board of directors determines the specific rights attached to that preferred stock. The effects of issuing preferred stock could include one or more of the following:

- restricting dividends on the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; or
- delaying or preventing a change of control of our Company.

LIMITATION ON LIABILITY AND INDEMNIFICATION MATTERS

Our amended and restated certificate of incorporation limits the liability of our directors to us and our stockholders to the fullest extent permitted by Delaware law. Specifically, our directors will not be personally liable for money damages for breach of fiduciary duty as a director, except for liability.

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law, which concerns unlawful payments of dividends, stock purchases or redemptions; and
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated by-laws also contain provisions indemnifying our directors and officers to the fullest extent permitted by Delaware

law. The indemnification permitted under Delaware law is not exclusive of any other rights to which these persons may be entitled.

In addition, we maintain directors' and officers' liability insurance to provide our directors and officers with insurance coverage for losses arising from claims based on breaches of duty, negligence, errors and other wrongful acts.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF DELAWARE LAW AND OUR CERTIFICATE OF INCORPORATION AND BY-LAWS

A number of provisions under Delaware law and in our amended and restated certificate of incorporation and amended and restated by-laws may make it more difficult to acquire control of us. These provisions could deprive the stockholders of opportunities to realize a premium on the shares of common stock owned by them. In addition, these provisions may adversely affect the prevailing market price of the common stock. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of the board and in the policies formulated by the board;
- discourage certain types of transactions which may involve an actual or threatened change in control of our company;
- discourage certain tactics that may be used in proxy fights; and
- encourage persons seeking to acquire control of our company to consult first with the board of directors to negotiate the terms of any proposed business combination or offer.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW. We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 of Delaware law prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the interested stockholder attained such status with the approval of the board of directors or unless the "business combination" is approved in a prescribed manner. A "business combination" is defined as a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to various exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within the past three years did own 15% or more of a corporation's voting stock. This statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

STOCKHOLDER ACTION BY WRITTEN CONSENT. Our amended and restated by-laws provide that stockholders may take action by written consent.

AUTHORIZED BUT UNISSUED SHARES OF COMMON STOCK. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is . Its address is .

LISTING

We expect our common stock to be approved for quotation on the Nasdaq National Market under the symbol CCRN.

SHARES ELIGIBLE FOR FUTURE SALE

RULE 144 SECURITIES

Upon the consummation of this offering, we will have shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. All of the shares of common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any of the shares that are acquired by "affiliates" as that term is defined in Rule 144 under the Securities Act. The shares of common stock held by our affiliates and our directors and executive officers and other existing shareholders after the offering will be "restricted" securities under the meaning of Rule 144 under the Securities Act and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including exemptions pursuant to Rule 144 or Rule 144A under the Securities Act.

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of either of the following:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares outstanding immediately after this offering, or

- the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Under Rule 144(k), a person who is not deemed to have been one of our "affiliates" at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell its shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after the offering because a greater supply of shares would be, or would be perceived to be, available for sale in the public market.

We and our executive officers and directors and substantially all existing stockholders have agreed that, without the prior written consent of Merrill Lynch & Co. on behalf of the underwriters, we will not, during the period ended 180 days after the date of this prospectus, sell shares of common stock or take certain related actions, subject to limited exceptions, all as described under "Underwriting."

RULE 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases common stock from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this prospectus is entitled to resell those shares 90 days after the effective date of this prospectus in reliance on Rule 144, without having to comply with certain restrictions (including the holding period) contained in Rule 144.

Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. It permits non-affiliates to sell their Rule 701 shares in reliance on Rule 144 without having to comply with the holding period, public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling those shares.

STOCK OPTIONS

Following the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock issued or reserved for issuance under our various stock option plans. The registration statement will become effective automatically upon filing. As of March 31, 2001, options to purchase shares of common stock were issued and outstanding, of which shares have vested. Accordingly, shares registered will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately after the 180-day lock-up agreements expire.

REGISTRATION RIGHTS

Each of CEP III and investment funds managed by Morgan Stanley Private Equity may require us on up to two occasions to use our best efforts to file registration statements on Form S-1 or Form S-2 covering public sale of shares of common stock held by them. We have the right, under specified circumstances, to delay any registration required by up to 90 days. In addition, the holders are entitled to require us to register their shares on registrations that we initiate and we have granted the holders unlimited demand rights to cause us to file a registration statement on Form S-3.

DB Capital Investors, L.P. and The Northwestern Mutual Life Insurance Company may require us on one occasion to use our best efforts to file a registration statement covering the public sale of shares of common stock held by them. We have the right, under specified circumstances, to delay any registration required by up to 90 days. In addition, the holders are entitled to require us to register their shares on registrations that we initiate. The registration rights expire at such time as the shares are eligible for resale under Rule 144 of the Securities Act.

UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS

The following is a general discussion of the principal United States Federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. As used in this discussion, the term "non-U.S. holder" means a beneficial owner of our common stock that is not, for U.S. Federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States or of any political subdivision of the United States or a partnership not engaged in trade or business within the United States;
- an estate whose income is includible in gross income for U.S. Federal income tax purposes regardless of its source; or
- a trust, in general, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust.

An individual may be treated as a resident of the United States in any calendar year for U.S. Federal income tax purposes, instead of a nonresident, by, among other ways, being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of this calculation, you would count all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year. Residents are taxed for U.S. Federal income purposes as if they were U.S. citizens.

This discussion does not consider:

- U.S. state and local or non-U.S. tax consequences;
- specific facts and circumstances that may be relevant to a particular non-U.S. holder's tax position, including, if the non-U.S. holder is a partnership that the U.S. tax consequences of holding and disposing of our common stock may be affected by certain determinations made at the partner level;
- the tax consequences for the shareholders, partners or beneficiaries of a non-U.S. holder;
- special tax rules that may apply to particular non-U.S. holders, such as financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, broker-dealers, and traders in securities; or
- special tax rules that may apply to a non-U.S. holder that holds our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment.

The following discussion is based on provisions of the U.S. Internal Revenue Code of 1986, as amended, applicable U.S. Treasury regulations and administrative and judicial interpretations, all as in effect on the date of this prospectus, and all of which are subject to change, retroactively or prospectively. The following summary assumes that a non-U.S. holder holds our common stock as a capital asset. EACH NON-U.S. HOLDER SHOULD CONSULT A TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF ACQUIRING, HOLDING, AND DISPOSING OF SHARES OF OUR COMMON STOCK.

DIVIDENDS

We do not anticipate paying cash dividends on our common stock in the foreseeable future. See "Dividend Policy." In the event, however, that we pay dividends on our common stock, we will have to withhold a U.S. Federal withholding tax at a rate of 30%, or a lower rate under an applicable income

tax treaty, from the gross amount of the dividends paid to a non-U.S. holder. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

With respect to any such dividends:

- a non-U.S. holder who claims the benefit of an applicable income tax treaty rate generally will be required to satisfy applicable certification and other requirements;

- in the case of common stock held by a foreign partnership, the certification requirement will generally be applied to the partners of the partnership and the partnership will be required to provide certain information, including a U.S. taxpayer identification number; and

- look-through rules will apply for tiered partnerships.

A non-U.S. holder that is eligible for a reduced rate of U.S. Federal withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for refund with the U.S. Internal Revenue Service.

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons. In that case, we will not have to withhold U.S. Federal withholding tax if the non-U.S. holder complies with applicable certification and disclosure requirements. In addition, a "branch profits tax" may be imposed at a 30% rate, or a lower rate under an applicable income tax treaty, on dividends received by a foreign corporation that are effectively connected with the conduct of a trade or business in the United States.

GAIN ON DISPOSITION OF COMMON STOCK

A non-U.S. holder generally will not be taxed on gain recognized on a disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States or, alternatively, if an income tax treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States; in these cases, the gain will be taxed on a net income basis at the regular graduated rates and in the manner applicable to U.S. persons and, if the non-U.S. holder is a foreign corporation, the "branch profits tax" described above may also apply;

- the non-U.S. holder is an individual who holds our common stock as a capital asset, is present in the United States for more than 182 days in the taxable year of the disposition and meets other requirements; or

- we are or have been a "U.S. real property holding corporation" for U.S. Federal income tax purposes at any time during the shorter of the five year period ending on the date of disposition or the period that the non-U.S. holder held our common stock.

In general, we will be treated as a "U.S. real property holding corporation" if the fair market value of our "U.S. real property interests" equals or exceeds 50% of the sum of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business. Currently, it is our best estimate that the fair market value of our U.S. real property interests is, and has been for at least the previous five years, less than 50% of the sum of the fair market value of our worldwide real property interests and our other assets, including goodwill, used or held for use in a trade or business. Therefore, we believe that we are not currently a U.S. real property holding corporation. Nor do we anticipate becoming a U.S. real property holding corporation in the future.

However, even if we are or have been a U.S. real property holding corporation, a non-U.S. holder that did not beneficially own, directly or indirectly, more than 5% of the total fair market value of our common stock at any time during the shorter of the five-year period ending on the date of disposition

or the period that our common stock was held by the non-U.S. holder (a "non-5% holder") and which is not otherwise taxed under any other circumstances described above, generally will not be taxed on any gain realized on the disposition of our common stock if, at any time during the calendar year of the disposition, our common stock was regularly traded on an established securities market within the meaning of the applicable U.S. Treasury regulations.

We have applied to have our common stock listed on the Nasdaq National Market. Although not free from doubt, our common stock should be considered to be regularly traded on an established securities market for any calendar quarter during which it is regularly quoted on the Nasdaq National Market by brokers or dealers which hold themselves out to buy or sell our common stock at the quoted price. If our common stock were not considered to be regularly traded on the Nasdaq National Market at any time during the applicable calendar quarter and we are or have been a U.S. real property holding corporation, then a non-5% holder would be taxed for U.S. Federal income tax purposes on any gain realized on the disposition of our common stock on a net income basis as if the gain were effectively connected with the conduct of a U.S. trade or business by the non-5% holder during the taxable year and, in such case, the person acquiring our common stock from a non-5% holder generally would have to withhold 10% of the amount of the proceeds of the disposition. Such withholding may be reduced or eliminated pursuant to a withholding certificate issued by the U.S. Internal Revenue Service in accordance with applicable U.S. Treasury regulations. We urge all non-U.S. holders to consult their own tax advisors regarding the application of these rules to them.

FEDERAL ESTATE TAX

Common stock owned or treated as owned by an individual who is a non-U.S. holder at the time of death will be included in the individual's gross estate for U.S. Federal estate tax purposes, unless an applicable estate tax or other treaty provides otherwise and, therefore, may be subject to U.S. Federal estate tax.

INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

We must report annually to the U.S. Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to that holder and the tax withheld from those dividends. Copies of the information returns reporting those dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder is a resident under the provisions of an applicable income tax treaty or agreement.

The gross amount of dividends paid to a non-U.S. holder that fails to certify its non-U.S. holder status in accordance with applicable U.S. Treasury regulations generally will be reduced by backup withholding at a rate of 31%.

The payment of the proceeds of the disposition of common stock by a non-U.S. holder to or through the U.S. office of a broker generally will be reported to the U.S. Internal Revenue Service and reduced by backup withholding at a rate of 31% unless the non-U.S. holder either certifies its status as a non-U.S. holder under penalties of perjury or otherwise establishes an exemption and the broker has no actual knowledge to the contrary. The payment of the proceeds on the disposition of common stock by a non-U.S. holder to or through a non-U.S. office of a broker generally will not be reduced by backup withholding or reported to the U.S. Internal Revenue Service. If however, the broker is a U.S. person or has certain enumerated connections with the United States, the proceeds from such disposition generally will be reported to the U.S. Internal Revenue Service (but not reduced by backup withholding) unless certain conditions are met.

Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be refunded, or credited against the holder's U.S. Federal income tax liability, if any, provided that the required information is furnished to the U.S. Internal Revenue Service.

UNDERWRITING

We intend to offer the shares in the U.S. and Canada through the U.S. underwriters and elsewhere through the international managers. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., Banc of America Securities LLC, The Robinson-Humphrey Company, LLC and CIBC World Markets Corp. are acting as U.S. representatives of the U.S. underwriters named below. Subject to the terms and conditions described in a U.S. purchase agreement between us and the U.S. underwriters, and concurrently with the sale of shares to the international managers, we have agreed to sell to the U.S. underwriters, and the U.S. underwriters severally have agreed to purchase from us, the number of shares listed opposite their names below.

U.S. UNDERWRITER	NUMBER OF SHARES
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Salomon Smith Barney Inc	
Banc of America Securities LLC	
The Robinson-Humphrey Company, LLC	
CIBC World Markets Corp	
Total	

We have also entered into an international purchase agreement with the international managers for sale of the shares outside the U.S. and Canada for whom Merrill Lynch International, Salomon Brothers International Limited, Banc of America Securities Limited, The Robinson-Humphrey Company, LLC and CIBC World Markets plc are acting as lead managers. Subject to the terms and conditions in the international purchase agreement, and concurrently with the sale of shares to the U.S. underwriters pursuant to the U.S. purchase agreement, we have agreed to sell to the international managers, and the international managers severally have agreed to purchase shares from us. The initial public offering price per share and the total underwriting discount per share are identical under the U.S. purchase agreement and the international purchase agreement.

The U.S. underwriters and the international managers have agreed to purchase all of the shares sold under the U.S. and international purchase agreements if any of these shares are purchased. If an underwriter defaults, the U.S. and international purchase agreements provide that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreements may be terminated. The closings for the sale of shares to be purchased by the U.S. underwriters and the international managers are conditioned on one another.

We have agreed to indemnify the U.S. underwriters and the international managers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the U.S. underwriters and international managers may be required to make in respect of those liabilities.

The U.S. underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreements, such as the receipt by the underwriters of officer's certificates and legal opinions. The U.S. underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

COMMISSIONS AND DISCOUNTS

The U.S. representatives have advised us that the U.S. underwriters propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The U.S. underwriters may

allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to Cross Country. The information assumes either no exercise or full exercise by the U.S. underwriters and the international managers of their over-allotment options.

	PER SHARE	WITHOUT OPTION	WITH OPTION
Public offering price.....	$	$	$
Underwriting discount.....	$	$	$
Proceeds, before expenses, to Cross Country.....	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by Cross Country.

OVERALLOTMENT OPTIONS

We have granted an option to the U.S. underwriters to purchase up to additional shares at the public offering price less the underwriting discount. The U.S. underwriters may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the U.S. underwriters exercise this option, each will be obligated, subject to conditions contained in the purchase agreements, to purchase a number of additional shares proportionate to that U.S. underwriter's initial amount reflected in the above table.

We have also granted an option to the international managers, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares to cover any overallotments on terms similar to those granted to the U.S. underwriters.

INTERSYNDICATE AGREEMENT

The U.S. underwriters and the international managers have entered into an intersyndicate agreement that provides for the coordination of their activities. Under the intersyndicate agreement, the U.S. underwriters and the international managers may sell shares to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the intersyndicate agreement, the U.S. underwriters and any dealer to whom they sell shares will not offer to sell or sell shares to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non-Canadian persons, except in the case of transactions under the intersyndicate agreement. Similarly, the international managers and any dealer to whom they sell shares will not offer to sell or sell shares to U.S. persons or Canadian persons or to persons they believe intend to resell to U.S. or Canadian persons, except in the case of transactions under the intersyndicate agreement.

RESERVED SHARES

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our directors, officers, employees, distributors, dealers, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

NO SALES OF SIMILAR SECURITIES

We and our executive officers and directors and substantially all existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;
- sell any option or contract to purchase any common stock;
- purchase any option or contract to sell any common stock;
- grant any option, right or warrant for the sale of any common stock;
- lend or otherwise dispose of or transfer any common stock;
- request or demand that we file a registration statement related to the common stock; or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

QUOTATION ON THE NASDAQ NATIONAL MARKET

We expect the shares to be approved for quotation on the Nasdaq National Market, subject to notice of issuance, under the symbol "CCRN."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the U.S. representatives and lead managers. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the U.S. representatives and the lead managers believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenue;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The U.S. underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

NASD REGULATIONS

More than ten percent of the proceeds of the offering will be applied to pay down debt obligations owed to affiliates of Merrill Lynch, Salomon Smith Barney Inc., Banc of America Securities LLC and The Robinson-Humphrey Company, LLC. Because more than ten percent of the net proceeds of the offering will be paid to members or affiliates of members of the National Association of Securities Dealers, Inc. participating in the offering, the offering will be conducted in accordance with NASD Conduct Rule 2710(c)(8). This rule requires that the public offering price of an equity security be no higher than the price recommended by a qualified independent underwriter which has participated in the preparation of the registration statement and performed its usual standard of due diligence with respect to that registration statement. CIBC World Markets Corp. has agreed to act as qualified independent underwriter for the offering. The price of the shares will be no higher than that recommended by CIBC World Markets Corp.

The underwriters will not confirm sales of shares to any account over which they exercise discretionary authority without the prior written specific approval of the customer.

PRICE STABILIZATION, SHORT POSITIONS AND PENALTY BIDS

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the U.S. representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

The underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the issuer in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common shares made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common shares. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the U.S.

representatives or the lead managers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

OTHER RELATIONSHIPS

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Salomon Smith Barney Inc. acted as the arranger, and affiliates of Salomon Smith Barney Inc. and The Robinson-Humphrey Company, LLC acted as administrative agent, collateral agent, issuing bank and swingline lender under our credit facility. In addition, affiliates of Merrill Lynch, Salomon Smith Barney Inc., Banc of America Securities LLC and The Robinson-Humphrey Company, LLC are lenders under our credit facility.

INTERNET DISTRIBUTION

Merrill Lynch will be facilitating internet distribution for the offering to some of its internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the website maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch website relating to the offering is not a part of this prospectus.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Proskauer Rose LLP, New York, New York. Certain legal matters related to the offering will be passed upon for the Underwriters by Debevoise & Plimpton, New York, New York.

EXPERTS

The consolidated financial statements of Cross Country, Inc. at December 31, 2000 and 1999, and for the year ended December 31, 2000 and for the period from July, 30, 1999 to December 31, 1999, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Cross Country Staffing (a Partnership) as of July 29, 1999 and December 31, 1998, and for the period from January 1, 1999 through July 29, 1999 and for the year ended December 31, 1998, included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of TravCorps Corporation and Subsidiary at December 15, 1999, and for the period from December 27, 1998 to December 15, 1999, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, and at December 26, 1998, and for the year ended December 26, 1998, by Deloitte & Touche LLP, independent auditors, as set forth in their respective reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The consolidated financial statements of ClinForce, Inc. at December 31, 2000 and 1999, and for each of the two years in the period ended December 31, 2000, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement on Form S-1, which includes amendments, exhibits, schedules and supplements, under the Securities Act and the rules and regulations under the Securities Act, for the registration of the common stock offered by this prospectus. Although this prospectus, which forms a part of the registration statement, contains all material information included in the registration statement, parts of the registration statement have been omitted from this prospectus as permitted by the rules and regulations of the Commission. For further information with respect to us and the common stock offered by this prospectus, please refer to the registration statement. Statements contained in this prospectus as to the contents of any contracts or other document referred to in this prospectus are not necessarily complete and, where such contract or other document is an exhibit to the registration statement, each such statement is qualified in all respects by the provisions of such exhibit, to which reference is now made. The registration statement can be inspected and copied at prescribed rates at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices at Seven World Trade Center, 13th Floor, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the registration statement is publicly available through the Commission's site on the Internet's World Wide Web, located at: http://www.sec.gov.

After the offering, we will be subject to the full informational requirements of the Securities Exchange Act. To comply with these requirements, we will file periodic reports, proxy statements and other information with the Commission.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Certified Public Accountants

The Board of Directors and Stockholders
Cross Country, Inc.

We have audited the accompanying consolidated balance sheets of Cross Country, Inc. as of December 31, 1999 and 2000 and the related consolidated statements of operations, stockholders' equity and cash flows for the period from July 30, 1999 to December 31, 1999 and the year ended December 31, 2000. Our audit also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cross Country, Inc. at December 31, 1999 and 2000, and the results of their operations and their cash flows for the period from July 30, 1999 to December 31, 1999 and the year ended December 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/S/ ERNST & YOUNG LLP

West Palm Beach, Florida

May 7, 2001

CROSS COUNTRY, INC.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31		MARCH 31,
	1999	2000	2001
			(UNAUDITED)
ASSETS			
Current assets:			
Cash	$ 4,827,877	$ --	$ --
Accounts receivable, less allowance for doubtful accounts of $2,144,110 in 1999, $2,087,747 in 2000 and $2,410,068 in 2001	50,243,772	65,087,380	71,148,856
Deferred income taxes	1,779,592	3,140,522	3,140,522
Income taxes receivable	2,936,436	2,076,471	814,445
Prepaid rent on employees' apartments	2,922,723	3,309,673	3,402,909
Deposits on employees' apartments, net of allowance of $300,445 in 1999, $418,775 in 2000 and $332,485 in 2001	1,518,071	1,055,106	1,063,268
Other current assets	449,595	2,032,437	2,993,494
Total current assets	64,678,066	76,701,589	82,563,494
Property and equipment, net of accumulated depreciation and amortization of $3,470,984 in 1999, $5,024,756 in 2000 and $6,420,976 in 2001	3,975,129	6,168,505	7,294,542
Trademark, net of accumulated amortization of $158,644 in 1999, $746,669 in 2000 and $897,144 in 2001	14,541,356	13,953,331	15,902,856
Goodwill, net of accumulated amortization of $2,417,217 in 1999, $10,767,664 in 2000 and $13,001,554 in 2001	200,315,122	199,373,353	221,659,546
Other identifiable intangible assets, net of accumulated amortization of $949,236 in 1999, $3,746,200 in 2000 and $4,453,961 in 2001	15,480,764	12,683,800	13,276,039
Debt issuance costs, net of accumulated amortization of $746,341 in 1999, $2,616,598 in 2000 and $3,100,039 in 2001	10,475,198	8,604,941	9,103,333
Other assets	229,634	140,148	125,820
Total assets	$309,695,269	$317,625,667	$349,925,630
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 4,677,411	$ 6,445,501	$ 3,674,072
Accrued employee compensation and benefits	13,818,840	17,430,804	20,026,057
Accrued expenses	5,963,985	3,801,172	4,309,393
Current portion of long-term debt	5,120,000	12,400,000	12,400,000
Note payable	54,972	484,108	461,810
Net liabilities from discontinued operations	309,670	534,999	2,033,103
Other current liabilities	735,219	1,229,840	1,967,221
Total current liabilities	30,680,097	42,326,424	44,871,656
Interest rate swap	--	--	987,423
Deferred income taxes	6,374,436	7,571,311	7,621,997
Long-term debt	153,899,000	144,388,000	174,021,000
Total liabilities	190,953,533	194,285,735	227,502,076
Commitments and contingencies			
Stockholders' equity:			
Common stock, Class A--$.01 par value; 7,850,000 shares authorized; 3,868,945 shares issued and outstanding at December 31, 1999, 2000 and March 31, 2001	38,689	38,689	38,689
Common stock, Class B--$.01 par value; 150,000 shares authorized; 131,053 shares issued and outstanding at December 31, 1999, 2000 and March 31, 2001	1,311	1,311	1,311
Additional paid-in capital	119,043,201	119,043,201	119,043,201
Accumulated other comprehensive income	--	--	(924,929)
(Accumulated deficit) retained earnings	(341,465)	4,256,731	4,265,282
Total stockholders' equity	118,741,736	123,339,932	122,423,554
Total liabilities and stockholders' equity	$309,695,269	$317,625,667	$349,925,630

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31	
			2000	2001
			(UNAUDITED)	
Revenue from services	$87,727,219	$367,689,902	$89,583,837	$103,871,739
Operating expenses:				
Direct operating expenses	68,036,524	273,094,434	67,062,402	79,001,406
Selling, general and administrative expenses	9,256,719	49,027,376	12,053,999	14,175,411
Bad debt expense	511,341	432,973	234,300	419,926
Depreciation	154,590	1,323,397	309,424	518,213
Amortization	4,421,577	13,701,384	3,434,811	3,592,093
Non-recurring indirect transaction costs	--	1,289,217	266,921	--
Total operating expenses	82,380,751	338,868,781	83,361,857	97,707,049
Income from operations	5,346,468	28,821,121	6,221,980	6,164,690
Other expenses:				
Interest expense, net	4,821,302	15,435,236	3,833,261	4,008,034
Income before income taxes and discontinued operations	525,166	13,385,885	2,388,719	2,156,656
Income tax expense	(671,917)	(6,730,024)	(1,201,526)	(1,084,396)
(Loss) income before discontinued operations	(146,751)	6,655,861	1,187,193	1,072,260
Discontinued operations:				
Loss from discontinued operations of HospitalHub, less income tax benefit of $140,710 in 1999, $1,159,013 in 2000, and $200,564 and $450,976 for the three months ended March 31, 2000 and 2001, respectively,	(194,714)	(1,603,833)	(286,423)	(440,281)
Estimated loss on disposal of HospitalHub, less income tax benefit of $0 in 1999, $327,963 in 2000 and $0 and $638,572 for the three months ended March 31, 2000 and 2001, respectively	--	(453,832)	--	(623,428)
Net (loss) income	$ (341,465)	$ 4,598,196	$ 900,770	$ 8,551
Net (loss) income per common share--basic and diluted:				
(Loss) income before discontinued operations	$ (.06)	$ 1.66	$ .30	$ .27
Discontinued operations	(.07)	(.51)	(.07)	(.27)
Net (loss) income	$ (.13)	$ 1.15	$ .23	$ --
Weighted average common shares outstanding	2,635,895	3,999,998	3,999,998	3,999,998

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	CLASS A COMMON STOCK		CLASS B COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	(ACCUMULATED DEFICIT) RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
	SHARES	DOLLARS	SHARES	DOLLARS				
Balance at July 29, 1999 (date of incorporation).....	2,260,660	$ 22,607	--	$ --	$ 79,567,516	$ --	$ --	$ 79,590,123
Issuance of common stock in conjunction with issuance of long-term debt.....	65,530	655	131,053	1,311	6,918,072	--	--	6,920,038
Issuance of common stock in exchange for employee services....	22,755	227	--	--	470,413	--	--	470,640
Issuance of common stock in conjunction with acquisition of TravCorps Corporation.....	1,520,000	15,200	--	--	32,087,200	--	--	32,102,400
Net loss.....	--	--	--	--	--	--	(341,465)	(341,465)
Balance at December 31, 1999.....	3,868,945	38,689	131,053	1,311	119,043,201	--	(341,465)	118,741,736
Net income.....	--	--	--	--	--	--	4,598,196	4,598,196
Balance at December 31, 2000.....	3,868,945	38,689	131,053	1,311	119,043,201	--	4,256,731	123,339,932
Interest rate swap (unaudited).....	--	--	--	--	--	(924,929)	--	(924,929)
Net income (unaudited)...	--	--	--	--	--	--	8,551	8,551
Balance at March 31, 2001 (unaudited).....	3,868,945	$ 38,689	131,053	$ 1,311	$119,043,201	$ (924,929)	$4,265,282	$122,423,554

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31	
			2000	2001
			(UNAUDITED)	
OPERATING ACTIVITIES				
Net (loss) income	$ (341,465)	$ 4,598,196	$ 900,770	$ 8,551
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Amortization	4,421,577	13,701,384	3,434,811	3,592,093
Depreciation	154,590	1,323,397	309,424	518,213
Bad debt expense	511,341	432,973	234,300	419,926
Cumulative interest due at maturity	1,537,000	3,839,000	918,000	1,033,000
Estimated loss on disposal of discontinued operations	--	453,832	--	623,428
Loss on derivative instrument	--	--	--	62,494
Changes in operating assets and liabilities:				
Accounts receivable	(1,874,246)	(15,096,581)	356,172	(697,405)
Prepaid rent, deposits, and other current assets	(3,381,084)	(1,385,374)	514,853	(923,069)
Accounts payable and accrued expenses	1,793,712	2,679,076	(5,109,986)	(1,240,494)
Net liabilities from discontinued operations	309,670	(228,503)	378,734	874,676
Other current liabilities	3,170,112	79,621	1,348,681	737,381
Net cash provided by operating activities	6,301,207	10,397,021	3,285,759	5,008,794
INVESTING ACTIVITIES				
Acquisition of TravCorps, net cash acquired	1,787,434	--	--	--
Acquisition of covenant not to compete	(250,000)	--	--	--
Issuance of common stock	10,000	--	--	--
Acquisition of E-Staff, Inc	--	(1,500,000)	--	--
Acquisition of Heritage Professional Education, LLC	--	(6,200,000)	--	(46,680)
Acquisition of Clinforce, Inc	--	--	--	(31,347,239)
(Increase) decrease in other assets	--	(6,205)	(241,014)	32,090
Increase in other liabilities	--	1,196,875	--	--
Purchase of property and equipment	(167,170)	(1,992,109)	(264,905)	(948,559)
Increase in software development costs	--	(1,082,595)	--	(294,275)
Net cash provided by (used in) investing activities	1,380,264	(9,584,034)	(505,919)	(32,604,663)
FINANCING ACTIVITIES				
Debt issuance costs	494,535	--	--	(981,833)
Repayment of debt	(148,305,305)	(65,258,097)	(27,450,198)	(14,922,298)
Proceeds from issuance of debt	144,700,000	59,617,233	20,033,126	43,500,000
Net cash (used in) provided by financing activities	(3,110,770)	(5,640,864)	(7,417,072)	27,595,869
Change in cash	4,570,701	(4,827,877)	(4,637,232)	
Cash at beginning of period	257,176	4,827,877	4,827,877	--
Cash at end of period	$ 4,827,877	$ --	$ 190,645	$ --

See accompanying notes.

CROSS COUNTRY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31	
			2000	2001
			(UNAUDITED)	
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Issuance of common stock in connection with issuance of debt	$ 6,920,038	$ --	$ --	$ --
Issuance of common stock with TravCorps acquisition	$32,102,400	$ --	$ --	$ --
Issuance of common stock in exchange for employee services	$ 470,640	$ --	$ --	$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	$ 3,005,467	$10,711,873	$2,643,446	$3,013,259
Income taxes paid	$ 437,873	$ 221,467	$ 62,750	$ --

See accompanying notes.

1. ORGANIZATION AND BASIS OF PRESENTATION

On July 29, 1999, Cross Country Staffing, Inc. (CCS), a Delaware corporation, was established through an acquisition of certain assets of Cross Country Staffing (the Partnership), a Delaware general partnership. The Partnership was engaged in the business of providing nurses and other allied health personnel to health care providers primarily on a contract basis. CCS recorded the assets and certain assumed liabilities, as defined in the asset purchase agreement, at fair market value. In addition to the recorded assets and liabilities, the Partnership contributed the value of the business, which included certain intangible assets primarily related to proprietary databases and contracts. The purchase price of approximately $189,000,000 exceeded the fair market value of the assets less the assumed liabilities by approximately $167,537,000, of which $20,890,000 was allocated to certain identifiable intangible assets ($8,900,000--trademark, $8,440,000--databases, $1,040,000--workforce, and $2,510,000--hospital relations), and $250,000 relating to a covenant not to compete. The remaining $146,397,000 was allocated to goodwill.

On December 16, 1999, CCS entered into a Plan of Merger with TravCorps Corporation (TravCorps). TravCorps and its wholly-owned subsidiary, Cejka & Company (Cejka) provide flexible staffing, search, consulting and related outsourced services to health care providers throughout the United States. Pursuant to the Plan of Merger, all outstanding shares of TravCorps' common stock were exchanged for common stock in CCS and TravCorps became a wholly-owned subsidiary of CCS. The fair value of the shares of common stock issued to the stockholders of TravCorps, as determined by a valuation of the common stock in January 2000, was $32,102,000. The purchase price exceeded the fair value of the net tangible assets acquired by approximately $66,575,000, of which $10,240,000 was allocated to certain identifiable intangible assets ($5,800,000--trademark, $2,910,000--databases, $630,000--workforce, and $900,000--hospital relations). The remaining $56,335,000 was allocated to goodwill. The acquisition was accounted for as a purchase and, accordingly, the accompanying consolidated financial statements include the results of TravCorps from the acquisition date.

Effective October 1, 2000, TravCorps changed its name to TVCM, Inc. (TVCM).

Effective October 10, 2000, CCS changed its name to Cross Country TravCorps, Inc. (CCT). Subsequent to December 31, 2000, CCT changed its name to Cross Country, Inc. (the Company). The Company is primarily engaged in the business of providing temporary health care staffing services to acute and subacute care facilities nationwide.

The consolidated financial statements include the accounts of the Company and its wholly-owned direct and indirect subsidiaries, TVCM (f/k/a TravCorps), Cejka, CC Staffing, Inc., E-Staff, Inc. (E-Staff), HospitalHub, Inc. (f/k/a Ashley One, Inc.)(HospitalHub), and Cross Country Seminars, Inc. (f/k/a CCS/Heritage Acquisition Corp.) (Cross Country Seminars). All material intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements as of March 31, 2001 and for the three months ended March 31, 2000 and 2001 have been prepared in accordance with generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position, results of operations and cash flows have been included. The results of

1. ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)
operations for the three months ended March 31, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

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

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk as defined by Financial Accounting Standards Board (FASB) Statement No. 105, DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK, consist principally of accounts receivable. The Company's customers are health care providers and accounts receivable represent amounts due from these providers. The Company performs ongoing credit evaluations of its customers' financial conditions and, generally, does not require collateral. Overall, based on the large number of customers in differing geographic areas throughout the United States and its territories, the Company believes the concentration of credit risk is limited. As of December 31, 1999, approximately 8% of the outstanding accounts receivable were due from one customer and as of December 31, 2000, approximately 9% of the outstanding accounts receivable were due from four customers. As of March 31, 2001, approximately 10% of the outstanding accounts receivable were due from five customers.

PREPAID RENT AND DEPOSITS

The Company leases a number of apartments for its employees under short-term agreements (typically three to six months), which generally coincide with each employee's staffing contract. As a condition of these agreements, the Company places security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term agreements.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which generally range from three to seven years. Leasehold improvements are depreciated over the lives of the related leases or the useful life of an individual lease, whichever is shorter.

Certain software development costs are capitalized in accordance with the provisions of Statement of Position 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE and FASB Statement No. 86, ACCOUNTING FOR COSTS OF COMPUTER SOFTWARE TO BE SOLD, LEASED, OR OTHERWISE MARKETED. Such costs include charges for consulting services and costs for personnel associated with

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

programming, coding, and testing such software. Amortization of capitalized software costs begins when the software is placed into service and is included in depreciation expense in the accompanying consolidated statements of operations. Software development costs are being amortized using the straight-line method over five years or revenue to projected revenue, if greater.

RESERVES FOR CLAIMS

Workers' compensation and health care benefits are provided under partially self-insured plans. The Company records its estimate of the ultimate cost of, and reserves for, workers' compensation and health care benefits based on actuarial computations using the loss history as well as industry statistics. Furthermore, in determining its reserves, the Company includes reserves for estimated claims incurred but not reported.

The ultimate cost of workers' compensation and health care benefits will depend on actual costs incurred to settle the claims and may differ from the amounts reserved by the Company for those claims. Accruals for workers' compensation claims and health care benefits are included in accrued employee compensation and benefits in the consolidated balance sheets.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill is being amortized using the straight-line method over its estimated useful life ranging from 5 to 25 years. Other identifiable intangible assets, net, consist of database (approximately $10,550,000, $8,259,000, and $7,686,000), workforce (approximately $1,593,000, $1,315,000, and $2,128,000) and hospital relations (approximately $3,338,000, $3,110,000, and $3,462,000) at December 31, 1999, December 31, 2000, and March 31, 2001, respectively. Identifiable intangible assets are being amortized using the straight-line method over their estimated useful lives ranging from 4.5 to 25 years. In accordance with FASB Statement No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company periodically reviews goodwill to determine if any impairment exists based upon projected, undiscounted net cash flows of the Company. Recoverability of intangible assets is measured by comparison of the carrying amount of the asset to net future cash flows expected to be generated from the asset. Identifiable intangible assets not covered by FASB Statement No. 121 and goodwill not identified with assets that are subject to an impairment loss are evaluated in accordance with Accounting Principles Board (APB) Opinion No. 17, INTANGIBLE ASSETS. At December 31, 1999, December 31, 2000 and March 31, 2001, the Company believes that no impairment of goodwill or identifiable intangible assets exists.

DEBT ISSUANCE COSTS

Deferred costs related to the issuance of debt are being amortized on a straight-line basis, which approximates the effective interest method, over the six-year term of the debt. Debt issuance costs of approximately $11,222,000, less accumulated amortization of approximately $746,000 and $2,617,000 at

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

December 31, 1999 and December 31, 2000, respectively, are recorded in the consolidated balance sheets. Debt issuance costs of approximately $12,203,000, less accumulated amortization of approximately $3,100,000 are recorded in the consolidated balance sheet at March 31, 2001.

REVENUE RECOGNITION

Revenue from services consists primarily of temporary staffing revenues. Revenue is recognized when services are rendered. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At December 31, 1999, December 31, 2000, and March 31, 2001, the amounts accrued are approximately $5,526,000, $14,970,000, and $12,536,000, respectively.

STOCK-BASED COMPENSATION

The Company, from time to time, grants stock options for a fixed number of common shares to employees. The Company accounts for employee stock option grants in accordance with Accounting Principles Board Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and accordingly, recognizes no compensation expense for the stock option grants when the exercise price of the options equals, or is greater than, the market value of the underlying stock on the date of grant. Accordingly, the Company did not recognize any compensation cost during the period from July 30, 1999 to December 31, 1999, the year ended December 31, 2000, or the three months ended March 31, 2000 and 2001 for stock-based employee compensation awards.

ADVERTISING

The Company's advertising expense consists primarily of print media, online advertising and promotional material. Advertising costs are expensed as incurred and were approximately $404,000 for the period from July 30, 1999 to December 31, 1999, $2,450,000 for the year ended December 31, 2000, and $556,000 and $521,000 for the three months ended March 31, 2000 and 2001, respectively.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to market risks arising from changes in interest rates. To protect against such risks, the Company has one derivative financial instrument, an interest rate swap agreement, which is more fully disclosed in Note 13, INTEREST RATE SWAP.

COMPREHENSIVE INCOME

The Company has adopted FASB Statement No. 130, COMPREHENSIVE INCOME, which requires that an enterprise: (a) classify items of other comprehensive income by their nature in the financial statements; and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. The items of other comprehensive income that are typically required to be displayed are foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. There are no other components of comprehensive income or loss other than the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Company's consolidated net (loss) income for the period from July 30, 1999 to December 31, 1999, the year ended December 31, 2000, and the three months ended March 31, 2000. During the three months ended March 31, 2001, the Company recorded the fair value of the interest rate swap transaction which resulted in a reduction in consolidated stockholders' equity of approximately $925,000.

INCOME TAXES

The Company accounts for income taxes under FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

RECENT ACCOUNTING PRONOUNCEMENTS

During 1998, the FASB issued Statement No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES, which was effective beginning January 1, 2001. The Company implemented the provisions of FASB Statement No. 133 on January 1, 2001. FASB Statement No. 133 resulted in a reduction in consolidated stockholders' equity of approximately $910,000 as of January 1, 2001.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin (SAB) No. 101, REVENUE RECOGNITION. SAB No. 101 provides interpretive guidance on the recognition, presentation, and disclosure of revenue in financial statements. The Company believes that its current revenue recognition policies comply with SAB No. 101.

RECLASSIFICATIONS

Certain amounts in the 1999 consolidated financial statements have been reclassified to conform to the 2000 presentation.

3. ACQUISITIONS

Effective July 31, 2000, the Company acquired substantially all of the assets of E-Staff, a Pennsylvania corporation, for $1,500,000. E-Staff is a development-stage company creating an Internet, subscription-based communication, scheduling, credentialing and training service business. The acquisition met the accounting criteria of a purchase and, accordingly, the accompanying consolidated financial statements include the results of E-Staff from the acquisition date. The consideration for this acquisition included $1,500,000 in cash. In addition, the asset purchase agreement provides for potential earnout payments of up to $3,250,000 to the seller based on the profits of E-Staff over a three-year period ending July 31, 2003. This contingent consideration is not related to the seller's employment. Upon payment, the earnouts will be allocated to goodwill as additional purchase price and amortized over the remaining life of the asset. The excess of the aggregate purchase price over the fair market value of the assets acquired of approximately $927,000 was allocated to goodwill and is being amortized over five years.

3. ACQUISITIONS (CONTINUED)

Effective December 26, 2000, Cross Country Seminars acquired substantially all of the assets of Heritage Professional Education, LLC (Heritage), a Tennessee limited liability company. Heritage provides continuing professional education courses to medical and healthcare personnel through seminars and study programs servicing the healthcare industry. The acquisition met the accounting criteria of a purchase and, accordingly, the accompanying consolidated financial statements include the results of Heritage from the acquisition date. The consideration for this acquisition included $6,200,000 in cash and a post-closing adjustment of approximately $300,000, to be paid 90 days from the closing date. In addition, the asset purchase agreement provides for potential earnout payments of approximately $6,500,000 based on adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) (as defined in the asset purchase agreement) of Heritage over a three-year period ending December 31, 2003. This contingent consideration is not related to the seller's employment. Upon payment, the earnouts will be allocated to goodwill as additional purchase price and amortized over the remaining life of the asset. The excess of the aggregate purchase price over the fair market value of the assets acquired of approximately $6,482,000 was allocated to goodwill and is being amortized over 25 years.

On December 15, 2000, the Company entered into a stock purchase agreement to acquire substantially all of the outstanding stock of two subsidiaries that comprise ClinForce Inc., a Delaware corporation that provides temporary staffing and permanent placement of clinical trials support services personnel, for approximately $31,000,000. The acquisition was consummated on March 16, 2001 and met the accounting criteria of a purchase. The transaction was primarily funded through the issuance of additional debt. The purchase price is subject to a post-closing adjustment based on changes in the net working capital of the acquired companies between October 31, 2000 and March 16, 2001.

The following unaudited pro forma summary presents the consolidated results of operations as if the Company's acquisitions had occurred as of the beginning of each period presented, after giving effect to certain adjustments, including amortization of goodwill and other specifically identifiable intangibles, interest expense incurred on additional borrowings and related income tax effects. The pro forma financial information does not purport to be indicative of the results of operations that would have occurred had the transactions taken place at the beginning of the periods presented or of future results of operations.

	PERIOD FROM JULY 30, 1999 TO DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 2000	THREE MONTHS ENDED MARCH 31, 2001
Revenue from services.....	$151,849,680	$407,275,744	$111,564,489
Net (loss) income.....	$ (4,702,050)	$ 3,976,004	$ (212,212)
Net (loss) income per common share--basic and diluted.....	$ (1.78)	$ .99	$ .05

4. PROPERTY AND EQUIPMENT

At December 31, 1999, December 31, 2000 and March 31, 2001, property and equipment consist of the following:

	DECEMBER 31,		MARCH 31,
	1999	2000	2001
Computer equipment	$ 4,601,677	$ 4,830,242	$ 5,443,015
Computer software	875,672	3,900,076	4,751,537
Office equipment	548,190	760,527	1,051,824
Furniture and fixtures	736,551	833,786	1,409,950
Leasehold improvements	684,023	868,630	1,059,192
	7,446,113	11,193,261	13,715,518
Less accumulated depreciation and amortization	(3,470,984)	(5,024,756)	(6,420,976)
	$ 3,975,129	$ 6,168,505	$ 7,294,542

At December 31, 2000 and March 31, 2001, computer software includes approximately $1,481,000 and $1,775,000, respectively, of software development costs capitalized in accordance with the provisions of FASB Statement No. 86.

5. ACCRUED COMPENSATION AND BENEFITS

At December 31, 1999, December 31, 2000 and March 31, 2001, accrued employee compensation and benefits consist of the following:

	DECEMBER 31,		MARCH 31,
	1999	2000	2001
Salaries	$ 5,660,772	$ 6,903,347	$ 8,077,661
Bonuses	5,686,305	6,858,620	7,884,852
Accrual for workers' compensation claims	1,896,543	2,095,720	2,217,594
Accrual for health care benefits	372,000	1,295,632	1,438,502
Accrual for vacation	203,220	277,485	407,448
	$13,818,840	$17,430,804	$20,026,057

6. LONG-TERM DEBT AND NOTE PAYABLE

At December 31, 1999, December 31, 2000 and March 31, 2001, long-term debt consists of the following:

	DECEMBER 31,		MARCH 31,
	1999	2000	2001
Term Loan, interest at 9.46% at December 31, 1999, 9.52%, 9.50%, and 9.41% for $65,000,000, $45,000,000 and $4,880,000, respectively at December 31, 2000 and 8.35% and 7.98% for $111,780,000 and $30,000,000, at March 31, 2001	$120,000,000	$114,880,000	$141,780,000
Revolving Loan Facility, interest at 9.46% and 10.50% for $5,400,000 and $3,000,000, respectively, at December 31, 1999, 11.25% and 9.40% for $1,250,000 and $6,200,000, respectively at December 31, 2000 and 8.06% and 10.00% for $6,200,000 and $2,250,000, respectively, at March 31, 2001	8,400,000	7,450,000	8,450,000
Swingline Loan, interest at 10.00% at March 31, 2001	--	--	700,000
Subordinated Pay-In-Kind Notes, interest at 12%	30,619,000	34,458,000	35,491,000
	159,019,000	156,788,000	186,421,000
Less current portion	(5,120,000)	(12,400,000)	(12,400,000)
	$153,899,000	$144,388,000	$174,021,000

On July 29, 1999, the Company entered into a $105 million senior secured credit facility consisting of a $75,000,000 term loan and a $30,000,000 revolving loan facility. The term loan and the revolving loan facility bear interest based on either an alternate base rate plus a margin of 2.00%, 1.75%, and 2.00% at December 31, 1999, December 31, 2000, and March 31, 2001 respectively, or LIBOR plus a margin of 3.00%, 2.75%, and 3.00% at December 31, 1999, December 31, 2000, and March 31, 2001, respectively, (each as defined in the senior secured credit facility). During fiscal year 2000, the Company met certain covenants which provided for the above reduction in interest rates. On December 16, 1999, the senior credit facility was increased to $120 million. The Company has pledged all of the assets of the Company as collateral for the senior credit facility.

6. LONG-TERM DEBT AND NOTE PAYABLE (CONTINUED)

The senior credit facility allows for the issuance of letters of credit in an aggregate face amount at any time outstanding not in excess of $4,000,000, $5,000,000, and $6,000,000 at December 31, 1999, December 31, 2000, and March 31, 2001, respectively. Additionally, swingline loans, as defined in the senior credit facility, not to exceed an aggregate principal amount at any time outstanding of $7,000,000 are available under the senior credit facility.

The senior credit facility requires that the Company meet certain covenants, including the maintenance of certain debt and interest expense ratios, capital expenditure limits, and the maintenance of a minimum level of EBITDA (as defined in the senior credit facility). The senior credit facility also limits the Company's ability to declare and pay cash dividends on its common stock.

On July 29, 1999, the Company issued $30,000,000 in senior subordinated pay-in-kind notes to two financial institutions. The proceeds of the loan were used by the Company solely to finance the CCS acquisition and to pay fees and expenses incurred in connection therewith. The interest rate on the subordinated notes is 12% per annum, compounded quarterly. The pay-in-kind notes represent additional debt issued by the Company in lieu of cash payments for accrued interest. The maturity date is the earlier of six months after the final maturity of the term and revolving debt issuances (January 29, 2006) or change in control of the Company.

In connection with the issuance of the subordinated debt, the Company issued 86,957 shares of its common stock to the financial institutions. Debt issuance costs of $6,920,000 relating to this transaction were recorded, which represented the fair market value of the shares at the time of issuance.

The revolving loan facility matures on July 29, 2005. The aggregate scheduled maturities of the term notes, the subordinated notes and the revolving loan facility are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 12,400,000
2002	20,160,000
2003	29,600,000
2004	34,720,000
2005	25,450,000
Thereafter	34,458,000
	$156,788,000

On July 16, 2000, the Company entered into a note payable with a third party. The proceeds from the note payable were used to pay the Company's insurance premiums. Principal and interest are payable over an 11-month period at an interest rate of 7.10%. At December 31, 2000 and March 31, 2001, respectively, the outstanding balance was $484,108 and $461,810.

7. EMPLOYEE BENEFIT PLANS

The Company maintains a voluntary defined contribution 401(k) profit-sharing plan covering all eligible employees as defined in the plan documents. The plan provides for a discretionary matching

7. EMPLOYEE BENEFIT PLANS (CONTINUED)
contribution, which is equal to a percentage of each contributing participant's elective deferral, which the Company, at its sole discretion, determines from year to year. Contributions by the Company, net of forfeitures, under this plan amounted to approximately $487,000 for the period from July 30, 1999 to December 31, 1999, and $885,000 for the year ended December 31, 2000. Contributions by the Company, net of forfeitures, under this plan amounted to approximately $319,000 and $384,000 for the three months ended March 31, 2000 and 2001, respectively.

TVCM employees were covered under a separate benefit plan for both 2000 and 1999. TVCM has a 401(k) defined contribution plan for eligible employees. Eligible employees may make pretax savings contributions to the 401(k) Plan of up to 20% of their earnings to a certain statutory limit. TVCM matches employee contributions from 1% to 3% of compensation based on years of service. Contributions to the 401(k) Plan were approximately $630,000 for the year ended December 31, 2000 and $135,000 and $109,000 for the three months ended March 31, 2000 and 2001, respectively. Effective fiscal 2001, TVCM employees will participate in the Company's defined contribution 401(k) profit-sharing plan.

8. COMMITMENTS AND CONTINGENCIES

The Company has entered into noncancelable operating lease agreements for the rental of space. Future minimum lease payments associated with these agreements are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 894,000
2002	944,000
2003	965,000
2004	905,000
2005	919,000
Thereafter	1,557,000
	$6,184,000

Rent expense related to office facilities was approximately $308,000 for the period July 30, 1999 to December 31, 1999, $1,527,000 for the year ended December 31, 2000, and $380,000 and $470,000 for the three months ended March 31, 2000 and 2001, respectively.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the outcome of these matters will not have a significant effect on the Company's consolidated financial position or results of operations.

9. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. The

9. ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)
carrying amount of the revolving credit note and term loan approximates fair value because the interest rate is tied to a quoted variable index.

10. INCOME TAXES

The components of the income tax expense are as follows:

	DECEMBER 31,	
	1999	2000
Current	$ 15,000	$5,407,103
Deferred	516,207	(164,055)
	$ 531,207	$5,243,048

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities are as follows:

	DECEMBER 31,	
	1999	2000
Deferred tax assets:		
Accrued and prepaid expenses	$ 1,038,863	$ 2,376,762
Allowance for doubtful accounts	347,492	841,844
Net operating loss carryforward	85,324	--
Other	307,913	(78,084)
	1,779,592	3,140,522
Deferred tax liabilities:		
Depreciation and amortization	(2,190,845)	(3,720,933)
Identifiable intangibles	(4,183,591)	(3,850,378)
	(6,374,436)	(7,571,311)
Net deferred taxes	$(4,594,844)	$(4,430,789)

FASB Statement No. 109 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some of or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a valuation allowance at December 31, 1999 and 2000 is not

10. INCOME TAXES (CONTINUED)

necessary. The reconciliation of income tax computed at the U. S. federal statutory rate to income tax expense is as follows:

	DECEMBER 31,	
	1999	2000
Tax at U. S. statutory rate	$ 183,808	$ 4,685,061
State taxes, net of federal benefit	18,706	468,908
Non-deductible goodwill	50,686	1,136,323
Non-deductible meals and entertainment	438,895	38,862
Benefit from discontinued operations	(140,710)	(1,486,976)
Other	(20,178)	400,870
	$ 531,207	$ 5,243,048

At December 31, 1999, the Company had available net operating loss carryforwards of approximately $207,000. There were no available net operating loss carryforwards at December 31, 2000 and March 31, 2001.

11. STOCKHOLDERS' EQUITY

Effective on December 10, 1999, the Company approved a 2.26066 for 1 stock split of its common stock. All common stock data in these consolidated financial statements have been adjusted to give retroactive effect to the stock split.

Effective April 27, 2001, the 131,053 issued and outstanding shares of the Company's Class B common stock were converted to an equal number of shares of Class A common stock of the Company.

STOCK OPTIONS

On December 16, 1999, the Company's Board of Directors approved the 1999 Stock Option Plan and Equity Participation Plan (collectively, the Plans), which provide for the issuance of incentive stock options (ISOs) and non-qualified stock options to eligible employees for the purchase of up to 651,162 shares of Class A common stock. Non-qualified stock options may also be issued to consultants. Under the Plans, the exercise price of options granted must equal or exceed the fair market value of the Company's common stock on the date of grant, and the exercise price of ISOs granted may not be less than 110% of such fair market value with respect to any options granted to a participant who owns 10% or more of the Company's outstanding common stock. Options granted during 1999 and 2000 under the 1999 Stock Option Plan generally vest ratably over 4 years. Options granted during 1999 and 2000 under the Equity Participation Plan vest 25% on the first anniversary of the date of grant and then vest 12.5% every 6 months thereafter. All options expire on the tenth (or, in the case of a 10% shareholder, the fifth) anniversary of the date of grant.

11. STOCKHOLDERS' EQUITY (CONTINUED)

Information regarding the Company's stock option activity is summarized below:

	STOCK OPTION ACTIVITY	OPTION PRICE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Options outstanding at July 29, 1999.....	--	$ --	$ --
Granted.....	593,275	44.96-134.88	69.05
Options outstanding at December 31, 1999.....	593,275	44.96-134.88	69.05
Granted.....	35,813	58.76-176.28	69.13
Canceled.....	(91,856)	44.96-134.88	69.05
Options outstanding at December 31, 2000.....	537,232	44.96-176.28	68.49
GRANTED.....			
CANCELED.....	(2,513)	44.96-62.55	45.69
OPTIONS OUTSTANDING AT MARCH 31, 2001.....	534,719	$ 44.96-176.28	$68.30

There were no exercisable options at December 31, 1999. The number of options exercisable at December 31, 2000 was 125,354 and at March 31, 2001 was 124,776. The weighted-average grant-date fair value of options granted during 1999 and 2000 was $23.50 per share and $35.07 per share, respectively. The weighted-average grant-date fair value of options granted during the three months ended March 31, 2001 was $37.92 per share.

EXERCISE PRICE	OPTIONS OUTSTANDING	REMAINING CONTRACTUAL LIFE	OPTIONS EXERCISABLE
$ 44.96	218,739	8.75 years	54,932
58.76	9,974	9.25 years	--
62.55	21,700	9.75 years	--
67.44	114,617	8.75 years	28,654
88.14	2,021	9.25 years	--
89.92	114,617	8.75 years	28,654
117.52	2,021	9.25 years	--
112.40	25,073	8.75 years	6,268
146.90	442	9.25 years	--
134.88	25,073	8.75 years	6,268
176.28	442	9.25 years	--

Had compensation cost for stock options granted during 1999, 2000, and 2001 been measured under the fair value based method prescribed by FASB Statement No. 123, ACCOUNTING FOR STOCK-BASED

11. STOCKHOLDERS' EQUITY (CONTINUED)

COMPENSATION, the Company's consolidated net income (loss) would have changed to the pro forma amounts set forth below.

	DECEMBER 31, 1999	DECEMBER 31, 2000	MARCH 31, 2001
Pro forma net (loss) income	$ (444,569)	$2,481,763	$ (529,858)
Pro forma (loss) income per common share--basic and diluted:			
(Loss) income from continuing operations	$ (.10)	$ 1.13	$ .13
Discontinued operations	(.07)	(.51)	(.26)
Net (loss) income	$ (.17)	$ .62	$ (.13)

The fair value of options granted used to compute pro forma net income (loss) disclosures were estimated on the date of grant using the Black-Scholes option-pricing model based on the following assumptions:

	DECEMBER 31, 1999	DECEMBER 31, 2000	MARCH 31, 2001
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	60.00	60.00	60.00
Risk-free interest rate	5.19	5.19	5.19
Expected life	6 years	6 years	6 YEARS

The effect of applying FASB Statement No. 123 for providing pro forma disclosures is not likely to be representative of the effect on reported net income in future years.

12. EARNINGS PER SHARE

In accordance with the requirements of FASB Statement No. 128, EARNINGS PER SHARE, basic earnings per share is computed by dividing net income or loss by the weighted average number of shares outstanding and diluted earnings per share reflects the dilutive effects of stock options (as calculated utilizing the treasury stock method). Shares of common stock that are issuable upon the exercise of options have been excluded from the 1999, 2000, and 2001 per share calculations because their effect would have been anti-dilutive.

13. INTEREST RATE SWAP

The Company's senior credit facility requires that the Company maintain an interest rate protection agreement to manage the impact of interest rate changes on the Company's variable rate obligations. Effective February 7, 2000, the Company entered into an interest rate swap agreement (the Agreement) with a financial institution. Interest rate swap agreements involve the exchange of floating interest rate payments for fixed interest rate payments over the life of the agreement without an

13. INTEREST RATE SWAP (CONTINUED)
exchange of the underlying notional amount. The Company entered into the Agreement to reduce the exposure to adverse fluctuations in floating interest rates on the underlying debt obligation as required by the senior credit facility and not for trading purposes.

The interest rate swap matures on February 7, 2003 and has an underlying notional amount of $45,000,000. The floating interest rate to be paid to the Company is based on the three-month U.S. dollar London Interbank Offered Rate (LIBOR), which is reset quarterly, while the fixed interest rate to be paid by the Company is 6.625% if the three-month US dollar LIBOR is less than 7.25%, the three-month U.S. dollar LIBOR if LIBOR is greater than or equal to 7.25% but less than 8.5%, and 8.5% if the three-month U.S. dollar LIBOR is greater than or equal to 8.5% over the term of the Agreement. Any differences paid or received under the terms of the Agreement are recognized as adjustments to interest expense over the life of the swap, thereby adjusting the effective interest rate on the underlying debt obligation.

For the period from February 7, 2000 through December 31, 2000, the Company paid a fixed interest rate of 6.625% based on an underlying notional amount of $45,000,000. The floating interest rate paid by the financial institution to the Company approximated 6.7503%. The carrying value of the interest rate swap at December 31, 2000 and March 31, 2001 was immaterial as to the net amount due from the financial institution. The fair value of the interest rate swap approximated a $910,000 and $987,000 net payable based on quoted market prices for similar instruments at December 31, 2000 and March 31, 2001, respectively. The estimated fair value of the swap will fluctuate over time based on changes in floating interest rates; however, these fair value amounts should not be viewed in isolation but rather in relation to the overall reduction in the Company's exposure to adverse fluctuations in floating interest rates. The fair value of the interest rate swap transaction is not reflected in the consolidated financial statements at December 31, 2000 as it properly qualified for hedge accounting treatment under applicable accounting guidance. The Company recorded the fair value of the interest rate swap transaction at March 31, 2001 which resulted in a reduction in consolidated stockholders' equity of approximately $925,000.

The Company has no plans to terminate the Agreement earlier than the maturity date. The Company is exposed to credit loss in the event of nonperformance by the counterparty to the Agreement. The amount of such exposure is limited to the unpaid portion of amounts due to the Company, if any, pursuant to the Agreement. However, management believes that this exposure is mitigated by provisions in the Agreement that allow for the legal right of offset of any amounts due to the Company from the counter party with any amounts payable to the counterparty by the Company. As a result, management considers the risk of counter party default to be minimal.

Effective January 1, 2001, the Agreement was amended to change the fixed rate to be paid by the Company to 6.705%. In addition, the maturity date of the Agreement was extended to February 28, 2003.

14. RELATED PARTY TRANSACTIONS

In connection with the July 29, 1999 CCS acquisition, Charterhouse Equity Partners III, L.P. (Charterhouse), a majority shareholder of the Company, received approximately $2,835,000 in transaction fees. In connection with the TravCorps merger on December 16, 1999, Charterhouse received approximately $300,000 in transaction fees. These transaction fees were capitalized in accordance with the purchase method of accounting.

15. DISCONTINUED OPERATIONS

On December 20, 2000, the Company committed itself to a formal plan to dispose of its wholly-owned subsidiary, HospitalHub, through a sale or liquidation of the business segment. Pursuant to APB Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS-REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS, the consolidated financial statements of the Company have been reclassified to reflect the discontinuance of HospitalHub. Accordingly, the revenue, costs and expenses, assets and liabilities of HospitalHub have been segregated and reported as discontinued operations in the accompanying consolidated balance sheets and statements of operations. The divestiture was completed in the second quarter of, 2001.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Partners of
Cross Country Staffing (a Partnership):

In our opinion, the accompanying balance sheets and the related statements of income and partners' capital and of cash flows present fairly, in all material respects, the financial position of Cross Country Staffing (a Partnership) at July 29, 1999 and December 31, 1998, and the results of its operations and its cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As discussed in Note 1 to the financial statments, Cross Country Staffing's assets were sold on July 29, 1999. The amounts included in the financial statements pursuant to the Management Incentive Compensation Plan give no effect to the additional amount payable as determined by the change in control transaction as further discussed in Note 5 to the financial statements.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
November 5, 1999, except for Note 8 as to which the date is December 16, 1999

CROSS COUNTRY STAFFING

BALANCE SHEETS

	JULY 29, 1999	DECEMBER 31, 1998
ASSETS		
Current assets:		
Cash	$ --	$ 110
Accounts receivable, less allowance for doubtful accounts (1999-$1,158,039; 1998-$1,327,983)	31,494,858	28,794,335
Other current assets	3,255,994	2,886,333
Total current assets	34,750,852	31,680,778
Fixed assets, net of accumulated depreciation (1999-$842,971; 1998-$630,848)	1,208,713	1,219,319
Goodwill, net of accumulated amortization (1999-$7,261,467; 1998-$6,809,880)	8,365,716	8,817,303
Other assets	138,852	183,817
Total assets	$44,464,133	$41,901,217
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Short-term debt	$ 7,874,004	$ 3,533,039
Accounts payable	2,329,396	3,446,433
Accrued employee compensation and benefits	7,256,162	5,515,526
Accrued distribution payable	--	5,645,354
Accrued interest payable	19,443	23,926
Accrued management incentive compensation	6,940,000	--
Other current liabilities	579,473	645,612
Total current liabilities	24,998,478	18,809,890
Debt	--	4,800,000
Accrued management incentive compensation plan	--	4,840,000
Total liabilities	24,998,478	28,449,890
Commitments and contingencies (Note 7)		
Partners' capital	19,465,655	13,451,327
Total liabilities and partners' capital	$44,464,133	$41,901,217

The accompaying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING

STATEMENTS OF INCOME AND PARTNERS' CAPITAL

	PERIOD ENDED JULY 29, 1999	PERIOD ENDED DECEMBER 31, 1998
Revenue	$106,046,826	$158,591,804
Operating expenses:		
Compensation and benefits	80,186,753	121,950,872
Selling, general and administrative expenses	10,587,604	16,377,419
Management incentive compensation plan	2,100,000	2,693,001
Bad debt expense	156,772	721,510
Depreciation	212,123	264,026
Amortization	496,551	859,159
Total operating expenses	93,739,803	142,865,987
Operating income	12,307,023	15,725,817
Other income (expense):		
Interest income	62,026	48,423
Interest expense	(292,642)	(897,606)
Other	(189,858)	(183,435)
Net income	11,886,549	14,693,199
Partners' capital at beginning of year	13,451,327	7,122,155
Distributions to partners	(5,872,221)	(8,364,027)
Partners' capital at end of period	$ 19,465,655	$ 13,451,327
Pro Forma net income data		
Net income as reported	$ 11,886,549	$ 14,693,199
Pro Forma adjustment for income taxes	(5,824,409)	(7,199,668)
Pro Forma net income	$ 6,062,140	$ 7,493,531

The accompanying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING

STATEMENTS OF CASH FLOWS

	JULY 29, 1999	DECEMBER 31, 1998
Cash flows from operating activities:		
Net income	$ 11,886,549	$ 14,693,199
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	708,674	1,123,185
Provision for management incentive compensation plan	2,100,000	2,693,001
Changes in operating assets and liabilities:		
Increase in net accounts receivable	(2,700,523)	(5,690,790)
Increase in other current assets	(369,661)	(507,668)
Decrease in other assets	--	230,000
(Decrease) increase in accounts payable	(1,117,037)	1,202,369
Increase in accrued employee compensation and benefits	1,740,636	792,962
Decrease in accrued interest payable	(4,483)	(57,534)
Decrease in other current liabilities	(66,139)	(44,409)
Net cash provided by operating activities	12,178,016	14,434,315
Cash flows from investing activities:		
Net purchases of equipment	(201,516)	(976,672)
Net cash used in investing activities	(201,516)	(976,672)
Cash flows from financing activities:		
Net repayment of debt	(459,035)	(10,366,961)
Distributions to partners	(11,517,575)	(3,091,365)
Net cash used in financing activities	(11,976,610)	(13,458,326)
Net decrease in cash	(110)	(683)
Cash at beginning of year	110	793
Cash at end of year	$ --	$ 110
Supplemental disclosure of cash flow information:		
Amounts paid during the period for interest	$ 293,857	$ 955,140

The accompanying notes are an integral part of these financial statements.

CROSS COUNTRY STAFFING (A PARTNERSHIP)

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIODS ENDED JULY 29, 1999 AND DECEMBER 31, 1998

1. ORGANIZATION AND BASIS OF PRESENTATION

On July 1, 1996, Cross Country Staffing (CCS or the Partnership), a Delaware general partnership, was established through a Joint Venture Agreement (Agreement) between CCHP, Inc. (CCHP) and MRA Staffing Systems, Inc. (MRA), with ownership percentages of 64% and 36%, respectively. CCHP is a 94% owned subsidiary of W. R. Grace & Co.-Conn., a Connecticut corporation (Grace). Prior to the transaction on July 28, 1999 described below, MRA was a wholly owned subsidiary of Nestor Healthcare Group plc (Nestor), a public company registered in the U.K.

CCHP and MRA (the Partners) were each engaged in the business of providing nurses and other allied health personnel primarily on a contract basis. The Partnership recorded the assets and assumed the liabilities, as defined in the Agreement, of its Partners. Assets and liabilities contributed by the Partners to the joint venture were recorded at predecessor basis. In addition to the recorded assets and liabilities, the Partners contributed the value of their businesses, which included certain unrecorded intangible assets primarily related to proprietary databases and contracts.

On July 28, 1999, Grace purchased Nestor's ownership interest in MRA. On July 29, 1999, the assets of CCS were sold (the "Sale") to Cross Country Staffing, Inc. (the "Buyer"), an unrelated entity and affiliate of Charterhouse Group International, Inc. The amounts included in these Financial Statements give no effect to the Sale, including the repayment of outstanding bank debt and liquidation of the Management Incentive Compensation Plan liability. See Notes 4 and 5 for further detail.

CCS is engaged in the business of providing staffing and placement of healthcare and other professionals throughout the United States and its territories.

2. ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FIXED ASSETS

Fixed assets include office furniture, business machines and leasehold improvements which are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets of five years.

RESERVES FOR CLAIMS

Workers' compensation and health care benefits are provided under partially self-insured plans. CCS records its estimate of the ultimate cost of, and reserves for, workers' compensation and health care benefits based on actuarial computations using its loss history as well as industry statistics. Furthermore, in determining its reserves, CCS includes reserves for estimated claims incurred but not reported.

2. ACCOUNTING POLICIES (CONTINUED)

The ultimate cost of workers' compensation and health care benefits will depend on actual costs incurred in settling the claims and may differ from the amounts reserved by CCS for those claims. Accruals for workers' compensation claims and health care benefits are included in accrued employee compensation and benefits in the Balance Sheet.

GOODWILL

Goodwill contributed by one of the Partners at inception is amortized using the straight-line method over its estimated useful life of 14 years (approximately 11 years remaining at July 29, 1999). CCS assesses the recoverability of goodwill whenever adverse events or changes in circumstance or business climate indicate that expected future undiscounted cash flows are not sufficient to support the carrying value. At July 29, 1999 and December 31, 1998 the Partnership believes that no impairment of goodwill exists.

DEFERRED DEBT ISSUE COSTS

Deferred costs related to the issuance of debt are amortized on a straight-line basis over the five year term of the debt. At July 29, 1999 and December 31, 1998 costs of $389,000 less accumulated amortization of $250,148 and $205,183, respectively, are recorded as other assets in the Balance Sheet.

FAIR VALUE OF FINANCIAL INSTRUMENTS

At July 29, 1999 and December 31, 1998 the recorded value of cash, trade receivables and debt approximated their fair value, based on the maturities of these instruments and the terms of the individual debt agreements.

REVENUE RECOGNITION

Revenue is recognized when the service is performed. Accordingly, accounts receivable includes an accrual for employees' time worked but not yet invoiced. At July 29, 1999 and December 31, 1998 the amounts accrued are $7,176,798 and $4,835,971.

CONCENTRATIONS OF CREDIT RISK

CCS's clients are principally health care providers and accounts receivable represent amounts due from these providers. CCS performs ongoing credit evaluations of its clients' financial condition and does not require collateral. Overall, based on the large number of clients in differing geographic areas throughout the United States and its territories, CCS believes the concentration of credit risk is limited.

INCOME TAXES

CCS is not subject to federal taxation at the Partnership level as income is taxed directly to the Partners. Accordingly, a provision for income taxes has not been included in the financial statements.

The General Partnership Agreement (Partnership Agreement) provides for quarterly distributions to the Partners based on the Partnership's estimated taxable income for the year. Generally, it has been the practice of the Partnership to make such distributions based on actual tax liabilities of the

2. ACCOUNTING POLICIES (CONTINUED)
individual Partners. Currently, distributions are made at the request of the Partners up to the quarterly distribution amount provided for in the Partnership Agreement. A distribution payable was recorded to equalize the distributions based on the respective Partners' ownership percentages.

RECLASSIFICATIONS

Certain amounts in prior year financial statements and related notes have been reclassified to conform to current year's presentation.

3. OTHER BALANCE SHEET ITEMS

At July 29 and December 31, other current assets are composed of the following:

	JULY 29, 1999	DECEMBER 31, 1998
Prepaid rent on employees' apartments	$1,907,276	$1,538,636
Deposits on employees' apartments, net of allowance (1999-$299,246; 1998-$236,756)	1,025,308	866,354
Other	323,410	481,343
	$3,255,994	$2,886,333

CCS leases a number of apartments for its employees under short-term agreements (typically three to six months) which generally coincide with each employee's staffing contract. As a condition of those agreements, CCS places security deposits on the leased apartments. Prepaid rent and deposits relate to these short-term agreements.

At July 29 and December 31, accrued employee compensation and benefits is composed of the following:

	JULY 29, 1999	DECEMBER 31, 1998
Salaries	$2,984,990	$1,947,117
Bonus	2,152,918	2,070,759
Accrual for workers' compensation claims	1,596,170	1,148,849
Accrual for health care benefits	345,500	206,033
Accrual for vacation	176,584	142,768
	$7,256,162	$5,515,526

4. DEBT

On July 30, 1999, CCS repaid all of its long-term debt, which consists of the Term Note and Revolving Loan Facility. Accordingly, they have been classified as short-term at July 29, 1999. At July 29 and December 31, short-term debt is composed of the following:

	JULY 29, 1999	DECEMBER 31, 1998
Current maturities of long-term debt	$7,850,000	$3,500,000
Note payable	24,004	33,039
	$7,874,004	$3,533,039

At July 29 and December 31, long-term debt is composed of the following:

	JULY 29, 1999	DECEMBER 31, 1998
Term Loan, interest at the Eurodollar rate plus 0.325%, or the greater of the prime or Federal Funds effective rate plus 0.5% (5.535% and 5.955%, at July 29, 1999 and December 31, 1998, respectively)	$ 3,800,000	$ 3,500,000
Revolving Loan Facility, interest at the Eurodollar rate plus 0.325%, or the greater of the prime or Federal Funds effective rate plus 0.5% (8.0% and 5.955%, at July 29, 1999 and December 31,1998, respectively)	4,050,000	4,800,000
	7,850,000	8,300,000
	(7,850,000)	(3,500,000)
	$ --	$ 4,800,000

Grace acts as guarantor of the Term Note and Revolving Loan Facility and, as such, is paid a monthly fee based on the average outstanding balance. For the periods ended July 29, 1999 and December 31, 1998 this fee was 0.025% per month. For the periods ended July 29, 1999 and December 31, 1998 total fees in relation to this guarantee were $13,398 and $47,663, respectively. Of these total fees, which are recorded as interest expense, $9,229 and $18,243 were recorded as accrued interest payable at July 29, 1999 and December 31, 1998, respectively.

5. MANAGEMENT INCENTIVE COMPENSATION PLAN

The CCS Management Incentive Compensation Plan (the Plan) is a performance-based compensation plan for key personnel of the Partnership. The Plan authorizes the award of percentage interests in an incentive pool based on the achievement of certain performance objectives. The percentage interests vest over a period of either three or five years or, in the case of a Liquidity Event as defined in the Plan, vesting occurs immediately.

5. MANAGEMENT INCENTIVE COMPENSATION PLAN (CONTINUED)

The Plan also authorized an immediate percentage award to certain key executives based on Partnership equity value at inception, as defined by the Plan. Incremental increases in the amount of this award may occur based on increases in the value of the Partnership equity. The amount charged to income for the award and the incremental increase in equity value was $319,000 and $409,000 for the periods ended July 29, 1999 and December 31, 1998, respectively.

In accordance with the terms of the Plan, cash payments are made at the earlier of occurrence of a Liquidity Event or July 1, 2001. The occurrence of a Liquidity Event also provides for a revised award computation. The Sale of CCS assets on July 29, 1999 constituted a Liquidity Event and as such, a liquidation cash payment was triggered. Grace used a portion of the Sale proceeds for such liquidation payment totaling approximately $20,200,000.

6. PARTNERS' CAPITAL (DEFICIT)

Partners' capital accounts are as follows:

	CCHP	MRA	TOTAL
December 31, 1997	$(12,234,662)	$ 19,356,817	$ 7,122,155
1998 distributions paid and payable	(5,352,977)	(3,011,050)	(8,364,027)
1998 net income	9,403,647	5,289,552	14,693,199
December 31, 1998	(8,183,992)	21,635,319	13,451,327
1999 distributions	(3,757,272)	(2,114,949)	(5,872,221)
1999 net income	7,607,391	4,279,158	11,886,549
July 29, 1999	$ (4,333,873)	$ 23,799,528	$19,465,655

At December 31, 1998, accrued distributions payable of $5,645,354 relate to CCHP.

7. COMMITMENTS AND CONTINGENCIES

CCS is involved in a dispute with the Internal Revenue Service (IRS) with respect to the IRS Examination of the 1993-1995 treatment of per diem plan allowances for meals and incidental expenses paid to CCHP health care personnel who were performing temporary services while away from home. Under the terms of the Sale, Grace has assumed ongoing responsibility for any settlement or related litigation liability.

In connection with the Partnership's partially self-insured workers' compensation plan, the Partnership has outstanding at July 29, 1999 a $943,594 standby letter of credit in order to guarantee the payment of workers' compensation claims to the Partnership's insurance carrier.

CCS entered into an agreement to lease office space for the next 10 years beginning in February 1998. In accordance with the Sale, CCS assigned the office lease agreement to the Buyer.

Rent expense related to office facilities for the periods ended July 29, 1999 and December 31, 1998 was approximately $250,000 and $269,000, respectively.

7. COMMITMENTS AND CONTINGENCIES (CONTINUED)

CCS is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the outcome of these matters will not have a significant effect on the Partnership's financial position or results of operations.

8. SUBSEQUENT EVENTS

As referred to in Note 1, the assets of CCS were sold to Cross Country Staffing, Inc. on July 29, 1999.

On November 12, 1999 Cross Country Staffing, Inc. and TravCorps Corporation announced their intention to merge operations. The combined company will be owned by an affiliate of Charterhouse Group International, Inc., certain investment funds managed by Morgan Stanley Private Equity and management. The transaction was consummated on December 16, 1999.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
TravCorps Corporation and Subsidiary:

We have audited the accompanying consolidated balance sheet of TravCorps Corporation and subsidiary (the "Company") as of December 15, 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for the period from December 27, 1998 to December 15, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements for the year ended December 26, 1998 were audited by other auditors whose report, dated March 12, 1999, expressed an unqualified opinion on those statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TravCorps Corporation and subsidiary as of December 15, 1999, and the results of their operations and their cash flows for the period from December 27, 1998 to December 15, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
March 10, 2000

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Board of Directors of
TravCorps Corporation and Subsidiary:

We have audited the accompanying consolidated balance sheet of TravCorps Corporation and Subsidiary as of December 26, 1998, and the related consolidated statement of operations, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies as of December 26, 1998, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
March 12, 1999

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 15, 1999 AND DECEMBER 26, 1998

ASSETS

	1999	1998
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,594,666	$ 1,852,578
Accounts receivable, less allowance for doubtful accounts of $657,000 and $397,000 in 1999 and 1998, respectively	17,386,009	15,309,000
Prepaid rent	488,008	862,968
Prepaid expenses and other	215,396	784,979
Deferred income taxes	1,355,300	579,600
Total current assets	23,039,379	19,389,125
PROPERTY AND EQUIPMENT:		
Computer and software equipment	6,331,352	4,777,795
Office equipment	239,719	225,244
Furniture and fixtures	373,762	371,457
Leasehold improvements	340,142	131,166
Total property and equipment	7,284,975	5,505,662
Less accumulated depreciation and amortization	(2,801,089)	(1,628,152)
Property and equipment--net	4,483,886	3,877,510
DEPOSITS	470,665	627,043
DEFERRED FINANCING COSTS--NET	3,327,326	19,556
GOODWILL--NET	11,181,605	11,732,578
TOTAL	$42,502,861	$35,645,812

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 15, 1999 AND DECEMBER 26, 1998

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY

	1999	1998
CURRENT LIABILITIES:		
Accounts payable	$ 2,826,601	$ 2,956,273
Accrued expenses	2,127,221	2,660,644
Accrued payroll and withholdings	1,933,697	2,262,534
Accrued incentive compensation	2,670,960	2,321,544
Current maturities of long-term obligations	36,273	163,742
Total current liabilities	9,594,752	10,364,737
DEFERRED INCOME TAXES	1,235,538	929,800
LONG-TERM OBLIGATIONS	45,000,000	12,675,649
STOCKHOLDERS' (DEFICIT) EQUITY:		
Convertible preferred stock, $.01 par value per share--1,020,000 shares authorized, issued and outstanding (liquidation preference $0 and $3,804,750 in 1999 and 1998, respectively)	--	2,869,229
Common stock, $.01 par value per share--1,774,385 shares authorized; 2,984,171 shares and 614,011 shares issued in 1999 and 1998, respectively; 2,984,171 shares and 476,291 shares outstanding in 1999 and 1998, respectively	29,842	6,139
Treasury stock	(73,576,703)	(1,377)
Additional paid-in capital	54,110,662	667,183
Retained earnings	6,108,770	8,134,452
Total stockholders' (deficit) equity	(13,327,429)	11,675,626
TOTAL	$42,502,861	$35,645,812

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

	1999	1998
REVENUES	$112,795,230	$99,604,430
DIRECT COSTS AND EXPENSES:		
Professional salaries and wages	58,137,810	50,660,556
Other professional expenses	15,972,698	17,475,730
Total direct costs and expenses	74,110,508	68,136,286
GROSS PROFIT	38,684,722	31,468,144
OPERATING EXPENSES:		
Selling, general and administrative expenses (includes nonrecurring transaction costs of $4,556,904 in 1999)	35,431,054	21,282,325
Depreciation and amortization	1,886,017	1,225,676
Total operating expenses	37,317,071	22,508,001
INCOME FROM OPERATIONS	1,367,651	8,960,143
INTEREST EXPENSE	2,790,948	880,992
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(1,423,297)	8,079,151
PROVISION FOR INCOME TAXES	580,134	3,349,400
NET (LOSS) INCOME	$ (2,003,431)	$ 4,729,751

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

	CONVERTIBLE PREFERRED STOCK		COMMON STOCK			ADDITIONAL	
	SHARES	AMOUNT	SHARES	AMOUNT	TREASURY STOCK	PAID-IN CAPITAL	RETAINED EARNINGS
BALANCE, DECEMBER 27, 1997	1,020,000	$2,779,979	527,674	$ 5,276	$ (1,377)	$ 181	$3,493,951
Stock options exercised	--	--	16,337	163	--	2,702	--
Accretion of preferred stock dividends	--	89,250	--	--	--	--	(89,250)
Purchase of treasury stock	--	--	--	--	(190,000)	--	--
Issuance of stock in connection with acquisition	--	--	70,000	700	190,000	664,300	--
Net income	--	--	--	--	--	--	4,729,751
BALANCE, DECEMBER 26, 1998	1,020,000	2,869,229	614,011	6,139	(1,377)	667,183	8,134,452
Stock options exercised	--	--	305,470	3,056	--	2,023,590	--
Accretion of preferred stock dividends	--	22,251	--	--	--	--	(22,251)
Conversion of preferred stock	(1,020,000)	(2,550,000)	1,020,000	10,200	--	2,539,800	--
Distribution of preferred stock dividends	--	(341,480)	--	--	--	(2,550,000)	--
Purchase of treasury stock	--	--	--	--	(73,575,326)	--	--
Issuance of common stock	--	--	1,044,690	10,447	--	51,430,089	--
Net income (loss)	--	--	--	--	--	--	(2,003,431)
BALANCE, DECEMBER 15, 1999	--	$ --	2,984,171	$ 29,842	$(73,576,703)	$54,110,662	$6,108,770

	TOTAL
BALANCE, DECEMBER 27, 1997	$ 6,278,010
Stock options exercised	2,865
Accretion of preferred stock dividends	--
Purchase of treasury stock	(190,000)
Issuance of stock in connection with acquisition	855,000
Net income	4,729,751
BALANCE, DECEMBER 26, 1998	11,675,626
Stock options exercised	2,026,646
Accretion of preferred stock dividends	--
Conversion of preferred stock	--
Distribution of preferred stock dividends	(2,891,480)
Purchase of treasury stock	(73,575,326)
Issuance of common stock	51,440,536
Net income (loss)	(2,003,431)
BALANCE, DECEMBER 15, 1999	$(13,327,429)

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (2,003,431)	$ 4,729,751
Adjustments to reconcile net (loss) income to cash (used in) provided by operating activities:		
Depreciation	1,108,346	781,569
Amortization	739,073	444,107
Increase (decrease) in cash from changes in:		
Accounts receivable	(2,077,009)	(1,814,191)
Income tax receivable	(1,817,733)	--
Prepaid rent	374,959	(48,326)
Prepaid expenses and other	569,582	(77,956)
Other assets	--	(2,202)
Deferred income taxes	(469,962)	424,300
Accounts payable and accrued expenses	(653,337)	1,534,809
Accrued payroll withholdings and incentive compensation	20,578	1,051,983
Cash provided by (used in) operating activities	(4,208,934)	7,023,844
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Cejka, net of cash acquired	--	(11,970,454)
Purchase of property and equipment	(1,779,340)	(1,888,705)
Increase in deposits	156,378	(133,495)
Cash used in investing activities	(1,622,962)	(13,992,654)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	53,136,887	2,865
Redemption of preferred stock	(2,569,927)	--
Repurchase of common stock	(73,576,312)	(190,000)
Net borrowings under revolving credit agreement	32,335,500	8,184,500
Deferred financing charges	(1,613,546)	--
Principal payments on capital leases	--	(227,445)
Principal payments on other long-term obligations	(138,618)	(17,936)
Cash provided by financing activities	7,573,984	7,751,984
INCREASE IN CASH AND CASH EQUIVALENTS	1,742,088	783,174
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,852,578	1,069,404
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,594,666	$ 1,852,578
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION--		
Cash paid during the year for:		
Interest	$ 2,857,017	$ 1,028,270
Income taxes	$ 3,011,490	$ 2,271,687
SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS -		
Stock issued in connection with the Cejka acquisition	$ --	$ 855,000

See notes to consolidated financial statements.

TRAVCORPS CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PERIOD FROM DECEMBER 27, 1998 TO DECEMBER 15, 1999
AND THE YEAR ENDED DECEMBER 26, 1998

1. NATURE OF BUSINESS

TravCorps Corporation ("TravCorps") and its wholly-owned subsidiary, Cejka & Company ("Cejka") (collectively, the "Company") provide flexible staffing, search, consulting and related outsourced services to health care providers throughout the United States. The Company's fiscal year typically ends on the last Saturday in December.

On December 16, 1999, the Company merged with Cross Country Staffing, Inc. ("CCS") (see Note 9). These financial statements are presented on a going concern basis and do not reflect any effects on the financial statements resulting from the merger with CCS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION--The Company recognizes revenue from temporary staffing services as services are rendered based on hours worked by the assigned health care professionals. Retainer fees earned for search and related outsourced services are recognized over the contract term. Placement revenues are recognized upon successful completion of the search assignment. Consulting revenues are recognized as services are rendered.

PRINCIPLES OF CONSOLIDATION--The consolidated financial statements include the accounts of TravCorps Corporation and subsidiary. Upon consolidation, all material intercompany accounts and transactions are eliminated.

CASH AND CASH EQUIVALENTS--The Company considers all investments in highly liquid debt instruments with maturities of less than three months at the date of purchase to be cash and cash equivalents.

USE OF ESTIMATES--The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates included in the consolidated financial statements include allowances for uncollectible accounts and certain accrued expenses. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT--Property and equipment are recorded at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives (three to seven years) of the related assets. This caption also includes capitalized costs associated with the development of internal-use software (see below). Such costs include charges for consulting services and costs for personnel associated with programming, coding and testing such software. These costs are not depreciated until the related software is placed into service.

ACCOUNTING FOR COMPUTER SOFTWARE COSTS--In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) No. 98-1, ACCOUNTING FOR THE COSTS OF COMPUTER SOFTWARE DEVELOPED OR OBTAINED FOR INTERNAL USE. SOP No. 98-1 delineated the types of costs that may be capitalized in connection with the development and installation of internal-use software. The Company historically has had accounting policies that are consistent with those specified in SOP No. 98-1. Accordingly, its implementation did not have a material impact on the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS--Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

GOODWILL--The excess of the purchase price of acquired companies over the fair value of net identifiable assets ("goodwill") at the date of acquisition are amortized on a straight-line basis over their estimated lives of twenty or twenty-five years. The Company periodically reviews goodwill to assess recoverability, based upon expectations of nondiscounted cash flows and operating income of the activities, that generated the goodwill balance. Impairments would be recognized in operating results if such expected cash flows were less than the carrying value of the related assets. No such impairments have been recorded through December 15, 1999.

DEFERRED FINANCING COSTS--Deferred financing costs represent commitment fees and other costs incurred relating to the refinancing of the Company's revolving credit agreement and are being amortized over the life of the agreement.

INCOME TAXES--Deferred income taxes are provided for differences in bases of the Company's assets and liabilities for book and tax purposes. Deferred income taxes are estimated using currently enacted tax rates.

CONCENTRATION OF CREDIT RISK--The Company extends credit to its customers on an unsecured basis and requires no collateral. However, credit control policies are in place to control the Company's exposure to potential uncollectible receivables.

STOCK-BASED COMPENSATION--The Company accounts for stock-based awards to employees using the intrinsic-value method.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS--The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity. The carrying amount of the long-term obligations approximates fair value because the interest rate is tied to a quoted variable index.

3. ACQUISITION

On April 29, 1998, the Company acquired certain assets and assumed certain liabilities of Cejka, a company that provides permanent placement, consulting and related outsourced services for physicians and health care executives. The acquisition has been accounted for as a purchase and, accordingly, the results of Cejka are included in these consolidated financial statements from the date of acquisition. The purchase and related acquisition costs aggregated $12,826,000 and were funded with the borrowing of $11,821,000 under the Company's revolving credit agreement and the issuance of 90,000 shares of Class A common stock valued at $855,000.

3. ACQUISITION (CONTINUED)

The consideration involved in the acquisition, after giving effect to liabilities assumed, has been allocated to the assets acquired based on their respective fair values as follows:

Assets:	
Cash and cash equivalents	$ 300
Accounts receivable	1,785,969
Prepaid rent	28,229
Deposits	11,396
Property and equipment	379,047
Goodwill	11,560,000
Assets acquired	13,764,941
Less assumed liabilities	939,187
Total consideration	$12,825,754

4. LONG-TERM OBLIGATIONS

Long-term obligations at December 15, 1999 and December 26, 1998 consist of the following:

	1999	1998
Revolving Credit Agreement	$45,000,000	$12,664,500
Capital lease obligations	36,273	174,891
Total	45,036,273	12,839,391
Less current portion	36,273	163,742
Total long-term obligations	$45,000,000	$12,675,649

CREDIT AGREEMENT--At December 15, 1999, the Company has a revolving credit agreement with Chase Bank (the "Revolving Credit Agreement"), which provides for a term loan of $45 million, revolving loans of up to $10,000,000 and swingline loans up to $1,000,000, including letters of credit of up to $2,500,000, maturing May 14, 2005. Revolving loans under the Revolving Credit Agreement can be ABR loans or Eurodollar loans. Swingline loans must be ABR loans. Eurodollar rate loans must have a minimum principal balance of $1,000,000 and must be in integral multiples of $250,000. ABR Revolving loans must have a minimum principal balance of $250,000 and must be in integral multiples of $50,000. Swingline loans must have a minimum principal balance of $250,000 and must be in integral multiples of $50,000. Amounts outstanding under the term loan at December 15, 1999 totaled $45 million and are scheduled to be repaid with interest at 9.40% in quarterly installments of $250,000 from December 25, 1999 through March 2004 and $10,125,000 through May 2005. There were no Revolving or Swingline loans outstanding at December 15, 1999.

ABR loans carry interest at the greatest of a) the Prime Rate, b) the Base CD Rate plus 1%, or c) the Federal Funds Effective Rate plus 1/2of 1%. Eurodollar loans carry interest at the LIBOR Rate for the interest period multiplied by b) the Statutory Reserve Rate. The interest on any ABR or

4. LONG-TERM OBLIGATIONS (CONTINUED)
Eurodollar loan is payable quarterly. The interest on any Swingline loan is payable on the principal due date.

Letters of credit amounting to $404,099 and $399,508 at December 15, 1999 and December 26, 1998, respectively, had been issued pursuant to the Company's workers' compensation insurance program.

The Agreement contains, among other things, restrictions on further indebtedness, asset sales, capital expenditures, payment of dividends, changes in the capital structure and changes in the ownership of the Company. The Agreement also has covenants which require the Company to maintain a minimum level of tangible net worth, achieve minimum levels of earnings before interest, taxes, depreciation and amortization, and achieve certain financial ratios, all as defined in the Agreement.

At December 26, 1998, the Company had a revolving credit agreement with Fleet Bank NA that carried terms similar to the Chase Bank agreement. The Fleet agreement did not include a term loan. The Fleet Bank agreement was terminated and replaced with the Chase Bank agreement in connection with the leveraged recapitalization discussed in Note 7.

CAPITAL LEASE OBLIGATIONS--The Company leases equipment under capital leases. The leases bear interest at rates ranging from 8.0% to 9.0% and expire in 2000. The Company intends to exercise its options to purchase the equipment.

5. COMMITMENTS AND CONTINGENCIES

OPERATING ACTIVITIES--The Company has entered into various operating leases for temporary housing of its professional medical personnel, with terms of up to twelve months. The Company also leases office space for its corporate activities. Future lease payments for office space pursuant to the leases total $736,088, $440,050, $449,188, $441,166 and $0 for the years ending December 2000, 2001, 2002, 2003 and 2004, respectively. Total lease expense was approximately $12,132,185 and $10,024,495 for the period December 27, 1998 to December 15, 1999 and the year ended December 26, 1998, respectively.

6. INCOME TAXES

The components of the provision for income taxes for the for the period December 26, 1998 to December 15, 1999 and the year ended December 26, 1998 are as follows:

	1999	1998
Current:		
Federal	$ 831,600	$2,141,800
State	189,200	783,300
	1,020,800	2,925,100
Deferred:		
Federal	(363,000)	310,700
State	(77,700)	113,600
	(440,700)	424,300
Total	$ 580,100	$3,349,400

The components of the deferred tax assets and liabilities at December 15, 1999 and December 26, 1998 are as follows:

	1999	1998
Deferred tax assets--current:		
Accrued incentive compensation	$ 971,700	$ 704,550
Accrued liabilities	223,900	337,650
Other	310,000	149,400
	1,505,600	1,191,600
Deferred tax liabilities--current--prepaid expenses	(150,300)	(612,000)
Net deferred tax assets--current	$1,355,300	$ 579,600
Deferred tax liabilities--noncurrent--depreciation	$1,235,538	$ 929,800

Difference between the provision for income taxes and income taxes computed using the U.S. federal income tax rate are primarily due to state taxes and expenses not deductible for income tax purposes.

7. STOCKHOLDERS' EQUITY

LEVERAGED RECAPITALIZATION--On May 14, 1999, in connection with a leveraged recapitalization transaction, the Company sold 1,044,690 of the Company's common shares to Morgan Stanley Dean Witter ("MSDW") and the Company redeemed 1,583,983 of its common shares. Immediately preceding the leveraged recapitalization, the Company's preferred shareholders converted 1,020,000 preferred shares into 1,020,000 common shares. The price for the redeemed shares was $76,869,925, which was paid in cash. After the transaction, MSDW owned 87.29% of the Company's outstanding common stock.

7. STOCKHOLDERS' EQUITY (CONTINUED)

The redemption was funded with $45,200,000 of new bank borrowings (see Note 4) and the proceeds from the sale of the common shares. These new borrowings and common share proceeds were also used to repay $11,081,000 of existing bank borrowings and to pay $4,036,000 of transaction expenses.

For financial accounting purposes, the transaction is treated as a leveraged recapitalization, whereby the assets are not revalued and the excess purchase price of the redeemed shares over the net book value of the shares reduces the Company's equity.

The characteristics of preferred and common stock of the Company prior to the recapitalization are described as follows:

PREFERRED STOCK--During 1995, the Company issued 1,020,000 shares of convertible preferred stock at $2.50 per share. All (but not less than all) of the shares of convertible preferred stock were convertible at any time, at the option of the holders of the convertible preferred stock, into conversion units which consisted of one share of Class B common stock and one share of redeemable preferred stock for each share of convertible preferred stock tendered for conversion. In connection with the leveraged recapitalization described above, the holders of the convertible preferred stock elected to convert their preferred shares into Class B common shares only.

The holders of convertible preferred stock were entitled to elect three representatives to the Board. On all other matters, the holders of convertible preferred stock were entitled to vote, as a single class with the common stockholders, as if their convertible preferred stock had been converted into an equivalent number of shares of common stock.

The convertible preferred stock was entitled to cumulative dividends at the rate of 3.5% per year on the convertible base liquidation amount, as defined, of $2.50 per share. At December 15, 1999 and December 26, 1998, the cumulative preferred dividends in arrears totaled $0 and $319,229, respectively, as all cumulative preferred dividends were paid in connection with the leveraged recapitalization. No dividends could be paid to holders of common stock or Class B common stock until all cumulative preferred stock dividends were paid. Convertible preferred stock dividends became immediately payable upon the leveraged recapitalization.

COMMON STOCK--Common stock and Class B common stock are identical, except that the holders of common stock and Class B common stock, each voting as separate classes, are entitled to each elect two representatives to the Board. The Class B common stock is convertible into an equivalent number of shares of common stock immediately prior to the closing of an Extraordinary Transaction as defined. The leveraged recapitalization qualified as an Extraordinary Transaction and, accordingly, the Class B common shares were converted into common shares.

STOCK OPTIONS--The Company's 1995 Stock Option Plan (the "Plan") provides for the issuance of incentive stock options ("ISOs") and nonstatutory stock options ("NSOs") to officers, employees, directors, consultants and advisors for the purchase of up to 430,000 shares of common stock. The exercise price of ISOs may not be less than the fair market value of the Company's common stock on the date of grant and may not be less than 110% of such fair market value with respect to any ISOs granted to a participant who owns 10% or more of the Company's outstanding common stock. Options

7. STOCKHOLDERS' EQUITY (CONTINUED)
vest in installments over periods of up to seven years. Options granted must be exercised within ten years.

The Company applies the intrinsic value method to determine compensation cost associated with its plan. The Board has determined that the fair value of common stock approximates the exercise price at the time of the grant. Accordingly, no compensation costs have been recognized for its stock option plan. The difference between net (loss) income on a pro forma basis had compensation cost for the Company's plan been determined consistent with the fair value method described in SFAS No. 123, and reported net (loss) income is immaterial:

The following is a summary of stock option activity under the Plan:

	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE PER SHARE
Outstanding at December 27, 1997 (25,935 exercisable at a weighted-average price of $0.20)	216,673	$2.93
Granted (weighted-average fair value of $3.27)	149,509	11.81
Forfeited	(12,310)	5.33
Exercised	(16,337)	0.18
Outstanding at December 26, 1998 (51,307 exercisable at a weighted-average price of $2.83)	337,535	6.91
Granted (weighted-average fair value of $25.00)	14,725	25.00
Forfeited	(46,790)	13.98
Exercised	(305,470)	6.26
Outstanding at December 15, 1999	0	

The fair value of each option grant was estimated on the date of grant using an option pricing model with the following assumptions:

	1999	1998
Risk-free interest rate	4.75%	4.75%
Dividend yield	0.00%	0.00%
Expected life (years)	10.00	10.00

In connection with the merger with CCS (see Note 9), the options outstanding as of December 15, 1999 immediately vested and were exchanged for an equivalent number of shares in CCS.

RESTRICTION ON DIVIDENDS--Pursuant to the terms of the Company's Revolving Credit Agreement in effect at December 26, 1998 (see Note 4), the Company was precluded from declaring or paying any dividends on any of its preferred or common stock and was prohibited from repurchasing any of its outstanding preferred and common stock, except that up to $190,000 of common stock could have been repurchased annually from employees whose employment had ceased.

8. PROFIT-SHARING PLAN

TravCorps has a 401(k) defined contribution benefit plan (the "401(k) Plan") for eligible employees. Eligible employees may make pretax savings contributions to the 401(k) Plan of up to 15% of their earnings to a certain statutory limit. TravCorps matches employee contributions up to 1% of compensation. TravCorps contributed $97,000 and $93,000 to the 401(k) Plan during the period from December 27, 1998 to December 15, 1999 and the year ended December 26, 1998, respectively, and made a discretionary profit sharing contribution of approximately $86,000 during the year ended December 26, 1998. Cejka has a separate 401(k) defined contribution benefit plan (the "Cejka plan") for eligible employees. Eligible employees may make pretax savings contributions to the Cejka plan of up to 10% of their earnings to a statutory limit. Cejka matches 50% of the employee contributions up to 6% of compensation. Cejka contributed approximately $145,000 and $250,000 to the Cejka plan and a discretionary profit-sharing plan during the period December 27, 1998 to December 15, 1999 and year ended December 26, 1998, respectively.

9. SUBSEQUENT EVENT--MERGER WITH CROSS COUNTRY STAFFING, INC.

On December 16, 1999, the Company entered into a Plan of Merger with CCS, a company engaged in the business of providing temporary health care staffing services to acute and subacute care facilities nationwide. Pursuant to the Plan of Merger, all outstanding shares of the Company's common stock were exchanged for common stock in CCS. The fair value of the shares of CCS common stock issued to the stockholders of the Company, as determined by an independent valuation of the common stock in January 2000, was $32,102,000. In connection with the merger transaction, CCS assumed the Company's long-term obligation of $45,000,000. The merger was accounted for in the CCS consolidated financial statements as a purchase.

Upon consummation of the merger, certain computer information systems used by the Company were replaced with CCS systems resulting in a write down of computer and software equipment approximately $1.2 million. In addition, unamortized deferred financing costs approximately $1.6 million were written off in connection with CCS's assumption of the Company's long-term obligation. These asset write downs were accounted for in the purchase accounting as part of the merger. Accordingly, the effects of these write downs are not reflected in the accompanying financial statements.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cross Country, Inc.

We have audited the accompanying consolidated statements of assets acquired and liabilities assumed of ClinForce, Inc. ("ClinForce") as of December 31, 2000 and 1999 and the related consolidated statement of operating revenues and expenses for each of the two years in the period ended December 31, 2000. These statements are the responsibility of ClinForce's management. Our responsibility is to express an opinion on the statements based on our audits.

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

The accompanying consolidated statements of assets acquired and liabilities assumed and the related consolidated statements of operating revenues and expenses were prepared for inclusion in the Registration Statement on Form S-1 of Cross Country, Inc. for purposes of complying with the rules and regulations of the Securities and Exchange Commission in lieu of the full financial statements required by Rule 3-05 for the transaction between Cross Country, Inc. and ClinForce. The statements are not intended to be a complete presentation of the financial position of ClinForce.

In our opinion, the statements referred to above present fairly, in all material respects, the consolidated assets acquired and liabilities assumed of ClinForce at December 31, 2000 and 1999, and the operating revenues and expenses for each of the two years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

/s/ ERNST &YOUNG LLP

Raleigh, North Carolina

April 26, 2001

CLINFORCE, INC.

CONSOLIDATED STATEMENTS OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

	DECEMBER 31	
	2000	1999
ASSETS ACQUIRED		
Current assets:		
Cash	$ --	$ 737,556
Accounts receivable, less allowance for doubtful accounts of $103,645 in 2000 and $0 in 1999	4,943,894	3,367,818
Prepaid expenses	25,201	4,290
Current deferred tax asset	108,877	--
Other current assets	1,999	68,961
Total current assets	5,079,971	4,178,625
Property and equipment, net of accumulated depreciation of $842,498 in 2000 and $707,356 in 1999	404,402	435,979
Goodwill, net of accumulated amortization of $2,119,322 in 2000 and $1,458,113 in 1999	11,073,812	11,735,021
Other assets	30,036	14,983
Total assets acquired	$16,588,221	$16,364,608
LIABILITIES ASSUMED		
Current liabilities:		
Cash overdraft	$ 248,801	$ --
Accounts payable	62,277	2,036
Income taxes payable	2,060,900	884,515
Accrued employee compensation and benefits	1,146,856	626,484
Other current liabilities	4,837	21,909
Total current liabilities	3,523,671	1,534,944
Long-term deferred tax liability	354,998	195,435
Total liabilities assumed	$ 3,878,669	$ 1,730,379

See accompanying notes.

CLINFORCE, INC.

CONSOLIDATED STATEMENTS OF OPERATING REVENUES AND EXPENSES

	YEAR ENDED DECEMBER 31	
	2000	1999
Revenue from services	$28,895,276	$26,385,411
Operating expenses:		
Compensation and benefits	20,128,675	19,066,580
Selling, general and administrative expenses	4,765,833	3,906,762
Bad debt expense	110,000	--
Depreciation	135,141	94,199
Amortization	659,657	659,657
Total operating expenses	25,799,306	23,727,198
Income from operations	3,095,970	2,658,213
Income tax expense	1,227,071	1,079,950
Income from operations after tax	$ 1,868,899	$ 1,578,263

See accompanying notes.

CLINFORCE, INC.

NOTES TO CONSOLIDATED STATEMENTS

DECEMBER 31, 2000

1. ORGANIZATION AND BASIS OF PRESENTATION

ClinForce, Inc. ("ClinForce" or the "Company") is in the business of recruiting and placing temporary and permanent clinical research professionals. The Company was a subsidiary of Edgewater Technology, Inc. (f/k/a Staffmark, Inc.), a publicly held company.

ClinForce, Inc. was founded in 1991 as Clinical Trial Support Services. In 1997, the Company acquired ClinForce in Morristown, New Jersey. In August 1996, the Company merged with four other regional companies to form Staffmark, Inc. (n/k/a Edgewater Technology, Inc.). In October 1996, Staffmark became a publicly traded company. In March 1998, ClinForce acquired Temporary Tech in North Carolina. On April 1, 1999, the Company changed its name to ClinForce, Inc. During 2000, the Company opened facilities in Ft. Myers, Boston, Philadelphia, and Cincinnati.

CFRC, Inc., a wholly-owned subsidiary of ClinForce, was established in fiscal year 1997. CFRC, Inc. was established primarily as an intellectual property company. The consolidated financial statements of ClinForce include the results of operations for CFRC, Inc.

On December 15, 2000, the ClinForce entered into a stock purchase agreement to be acquired by Cross Country, Inc. for approximately $31,000,000. The transaction was consummated on March 16, 2001 and met the accounting criteria of a purchase. The purchase price is subject to a post-closing adjustment based on changes in the net working capital of the acquired companies between October 31, 2000 and March 16, 2001.

The consolidated statements of assets acquired and liabilities assumed and related consolidated statements of operating revenues and expenses (the "statements") have been prepared solely to comply with the requirements of the Securities and Exchange Commission. These statements are not intended to be a complete presentation of the assets, liabilities, revenues and expenses of the Company because they do not include corporate allocated expenses that would have been incurred by the Company had it operated as a stand-alone business (see Note 2).

USE OF ESTIMATES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These statements are not indicative of the financial condition or results of operations of this business going forward because of the change in the business and the omission of various administrative expenses.

REVENUE RECOGNITION

Revenues consist primarily of billing for associates' time and permanent placement fees. Revenue is recognized upon completion of services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk as defined by Financial Accounting Standards Board (FASB) Statement No. 105, DISCLOSURE OF INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK, consist principally of accounts receivable. The Company's customers are clinical research organizations ("CROs") and accounts receivable represent amounts due from these CROs. The Company performs ongoing credit evaluations of its customers' financial conditions and, generally, does not require collateral. Overall, based on the large number of customers in differing geographic areas throughout the United States and its territories, the Company believes the concentration of credit risk is limited. As of December 31, 2000, approximately 48% of the outstanding accounts receivable were due from four customers. As of December 31, 1999, approximately 70% of the outstanding accounts receivable were due from four customers.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets, which generally range from three to seven years. Leasehold improvements are depreciated over the lives of the related leases or the useful life of an individual lease, whichever is shorter.

CORPORATE ALLOCATIONS

Edgewater provided substantial services to the Company, including, but not limited to, general administration, treasury, tax, financial reporting, insurance and legal functions. Edgewater has traditionally charged the Company for certain of these services through corporate allocations which were generally based on a percent of sales. The amount of corporate allocations was dependent upon the total amount of anticipated allocable costs incurred by Edgewater, less amounts charged as a specific cost or expense rather than by allocation. The amounts allocated are not necessarily indicative of amounts that would have been incurred by the Company had it operated on a stand-alone basis.

GOODWILL

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Goodwill associated with acquisitions in 1998 and 1997 is being amortized using the straight-line method over its estimated useful life of twenty years. In accordance with FASB Statement No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to net future cash flows expected to be generated from the asset. At December 31, 2000 and 1999, the Company believes that no impairment of goodwill exists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADVERTISING

The Company's advertising expense consists primarily of print media, online advertising and promotional material. Advertising costs are expensed as incurred and were approximately $16,539 and $16,759 for the years ended December 31, 2000 and 1999, respectively.

INCOME TAXES

The Company accounts for income taxes under FASB Statement No. 109, ACCOUNTING FOR INCOME TAXES. Deferred income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. ClinForce has always been included in a consolidated return for United States federal tax reporting purposes. The income tax provision included in the statement of operating revenues and expenses was prepared as if the Company was a stand-alone entity.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short maturity.

COMPREHENSIVE INCOME

The Company has adopted FASB Statement No.130, COMPREHENSIVE INCOME, which requires that an enterprise: (a) classify items of other comprehensive income by their nature in the financial statements; and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of the balance sheet. The items of other comprehensive income that are typically required to be displayed are foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. There are no other components of comprehensive income or loss other than the Company's consolidated net income and net loss for the years ended December 31, 2000 and 1999, respectively.

IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No.133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No.133, as amended, is required to be adopted in years beginning after June 15, 2000. The Company plans to adopt the new statement effective January 1, 2001. Because of the Company's minimal use of derivatives, management does not anticipate the adoption of the new Statement will have a significant affect on earnings or the consolidated financial position of the Company.

3. PROPERTY AND EQUIPMENT

At December 31, property and equipment consist of the following:

	2000	1999
Computer equipment	$ 268,657	$ 251,398
Computer software	161,853	131,014
Office equipment	118,721	118,722
Furniture and fixtures	558,968	556,770
Leasehold improvements	138,701	85,431
	1,246,900	1,143,335
Less accumulated depreciation	(842,498)	(707,356)
	$ 404,402	$ 435,979

4. ACCRUED COMPENSATION AND BENEFITS

At December 31, accrued employee compensation and benefits consist of the following:

	2000	1999
Salaries	$ 305,446	$ 222,820
Bonuses	512,225	238,169
Accrual for payroll taxes	226,855	82,063
Accrual for vacation	102,330	83,432
	$1,146,856	$ 626,484

5. COMMITMENTS AND CONTINGENCIES

The Company has entered into non-cancelable operating lease agreements for the rental of space. Future minimum lease payments associated with these agreements are as follows:

YEAR ENDING DECEMBER 31:	
2001	$ 412,214
2002	363,176
2003	365,844
2004	294,378
2005	35,352
Thereafter	23,712
	$1,494,676

Rent expense related to office facilities was approximately $355,161 and $244,536 for the years ended December 31, 2000 and 1999, respectively.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the outcome of these matters will not have a significant effect on the Company's consolidated financial position or results of operations.

6. INCOME TAXES

The Company has always been included in a consolidated return for United States federal tax reporting purposes. The income tax expense and deferred income taxes were calculated based on income from operations, and therefore are not necessarily indicative of amounts that would have been incurred by the Company had it operated as a stand-alone entity. Deferred income taxes from years prior to 1999 have not been calculated.

The components of the income tax expense (benefit) are as follows:

	2000	1999
Current	$1,176,385	$ 884,515
Deferred	50,686	195,435
	$1,227,071	$1,079,950

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	DECEMBER 31	
	2000	1999
Deferred tax assets:		
Accrued expenses	$ 67,953	$ --
Allowance for doubtful accounts	40,924	--
	108,877	--
Deferred tax liabilities:		
Goodwill amortization	(235,764)	(149,686)
Depreciation	(119,234)	(45,749)
Net deferred taxes	$ (246,121)	$ (195,435)

FASB Statement No. 109 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some of or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, management has determined that a valuation allowance at December 31, 2000 and 1999 is not necessary.

6. INCOME TAXES (CONTINUED)

The reconciliation of income tax computed at the U. S. federal statutory rate to income tax expense is as follows:

	DECEMBER 31	
	2000	1999
Tax at U.S. statutory rate	$1,083,590	$ 930,375
State taxes, net of federal benefit	140,039	119,221
Non-deductible items	9,243	9,363
Other	(5,801)	20,791
	$1,227,071	$1,079,950

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Through and including , 2001 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

SHARES

CROSS COUNTRY, INC.

COMMON STOCK

P R O S P E C T U S

MERRILL LYNCH & CO.

SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LLC

ROBINSON-HUMPHREY

CIBC WORLD MARKETS

, 2001

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SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED JULY 11, 2001

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

PROSPECTUS

SHARES

[LOGO]
CROSS COUNTRY, INC.

COMMON STOCK

This is Cross Country, Inc.'s initial public offering. We are selling all of the shares. The international managers are offering shares outside the U.S. and Canada and the U.S. underwriters are offering shares in the U.S. and Canada.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the shares will be quoted on the Nasdaq National Market under the symbol CCRN.

INVESTING IN THE COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 9 OF THIS PROSPECTUS.

	PER SHARE	TOTAL
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Cross Country, Inc.	$	$

The international managers may also purchase up to an additional shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments. The U.S. underwriters may similarly purchase up to an additional shares from us.

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

The shares will be ready for delivery on or about , 2001.

MERRILL LYNCH INTERNATIONAL SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LIMITED

ROBINSON-HUMPHREY

CIBC WORLD MARKETS

The date of this prospectus is , 2001.

UNDERWRITING

We intend to offer the shares outside the U.S. and Canada through the international managers and in the U.S. and Canada through the U.S. underwriters. Merrill Lynch International, Salomon Brothers International Limited, Banc of America Securities Limited, The Robinson-Humphrey Company, LLC and CIBC World Markets plc. are acting as lead managers for the international managers named below. Subject to the terms and conditions described in an international purchase agreement between us and the international managers, and concurrently with the sale of shares to U.S. underwriters, we have agreed to sell to the international managers, and the international managers severally have agreed to purchase from us, the number of shares listed opposite their names below.

INTERNATIONAL UNDERWRITER	NUMBER OF SHARES
Merrill Lynch International	
Salomon Brothers International Limited	
Banc of America Securities Limited	
The Robinson-Humphrey Company, LLC	
CIBC World Markets plc	
Total	

We have also entered into a U.S. purchase agreement with the U.S. underwriters for sale of the shares in the U.S. and Canada for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., Banc of America Securities LLC, The Robinson-Humphrey Company, LLC and CIBC World Markets Corp. are acting as U.S. representatives. Subject to the terms and conditions in the U.S. purchase agreement, and concurrently with the sale of shares to the international managers pursuant to the international purchase agreement, we have agreed to sell to the U.S. underwriters, and the U.S. underwriters severally have agreed to purchase shares from us. The initial public offering price per share and the total underwriting discount per share are identical under the international purchase agreement and the U.S. purchase agreement.

The international managers and the U.S. underwriters have agreed to purchase all of the shares sold under the international and U.S. purchase agreements if any of these shares are purchased. If an underwriter defaults, the international and U.S. purchase agreements provide that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreements may be terminated. The closings for the sale of shares to be purchased by the international managers and the U.S. underwriters are conditioned on one another.

We have agreed to indemnify the international managers and the U.S. underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the international managers and the U.S. underwriters may be required to make in respect of those liabilities.

The international manager are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the shares, and other conditions contained in the purchase agreements, such as the receipt by the underwriters of officer's certificates and legal opinions. The international manager reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

COMMISSIONS AND DISCOUNTS

The lead managers have advised us that the international managers propose initially to offer the shares to the public at the initial public offering price on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per share. The international managers may allow, and the dealers may reallow, a discount not in excess of $ per share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to Cross Country. The information assumes either no exercise or full exercise by the international managers and the U.S. underwriters of their over-allotment options.

	PER SHARE	WITHOUT OPTION	WITH OPTION
Public offering price.....	$	$	$
Underwriting discount.....	$	$	$
Proceeds, before expenses, to Cross Country.....	$	$	$

The expenses of the offering, not including the underwriting discount, are estimated at $ and are payable by Cross Country.

OVERALLOTMENT OPTIONS

We have granted an option to the international managers to purchase up to additional shares at the public offering price less the underwriting discount. The international managers may exercise this option for 30 days from the date of this prospectus solely to cover any overallotments. If the international managers exercise this option, each will be obligated, subject to conditions contained in the purchase agreements, to purchase a number of additional shares proportionate to that international manager's initial amount reflected in the above table.

We have also granted an option to the U.S. underwriters, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares to cover any overallotments on terms similar to those granted to the international managers.

INTERSYNDICATE AGREEMENT

The international managers and the U.S. underwriters have entered into an intersyndicate agreement that provides for the coordination of their activities. Under the intersyndicate agreement, the international managers and the U.S. underwriters may sell shares to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the intersyndicate agreement, the international managers and any dealer to whom they sell shares will not offer to sell or sell shares to persons who are U.S. or Canadian persons or to persons they believe intend to resell to persons who are U.S. or Canadian persons, except in the case of transactions under the intersyndicate agreement. Similarly, the U.S. underwriters and any dealer to whom they sell shares will not offer to sell or sell shares to non-U.S. persons or non-Canadian persons or to persons they believe intend to resell to non-U.S. or non-Canadian persons, except in the case of transactions under the intersyndicate agreement.

RESERVED SHARES

At our request, the international managers have reserved for sale, at the initial public offering price, up to shares offered by this prospectus for sale to some of our [directors, officers, employees, distributors, dealers, business associates and related persons]. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not orally confirmed for purchase within one day of the pricing of this offering will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

NO SALES OF SIMILAR SECURITIES

We and our executive officers and directors and all existing stockholders have agreed, with exceptions, not to sell or transfer any common stock for 180 days after the date of this prospectus

without first obtaining the written consent of Merrill Lynch. Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell or contract to sell any common stock;

- sell any option or contract to purchase any common stock;

- purchase any option or contract to sell any common stock;

- grant any option, right or warrant for the sale of any common stock;

- lend or otherwise dispose of or transfer any common stock;

- request or demand that we file a registration statement related to the common stock; or

- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any common stock whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

This lockup provision applies to common stock and to securities convertible into or exchangeable or exercisable for or repayable with common stock. It also applies to common stock owned now or acquired later by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

QUOTATION ON THE NASDAQ NATIONAL MARKET

We expect the shares to be approved for quotation on the Nasdaq National Market, subject to notice of issuance, under the symbol "CCRN."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations among us and the U.S. representatives and lead managers. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the U.S. representatives and the lead managers believe to be comparable to us;

- our financial information;

- the history of, and the prospects for, our company and the industry in which we compete;

- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenue;

- the present state of our development; and

- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The international managers do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

UK SELLING RESTRICTIONS

Each international manager has agreed that

- it has not offered or sold and will not offer or sell any shares of common stock to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding,

managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which do not constitute an offer to the public in the United Kingdom with the meaning of the Public Offers of Securities Regulations 1995.

- it has complied and will comply with all applicable provisions of the Financial Service Act 1986 with respect to anything done by it in relation to the common stock in, from or otherwise involving the United Kingdom; and

- it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issuance of common stock to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements)(Exemptions) Order 1996 as amended by the Financial Services Act of 1986 (Investment Advertisements)(Exemptions) Order 1997 or is a person to whom such document may otherwise lawfully be issued or pass on.

NO PUBLIC OFFERING OUTSIDE THE UNITED STATES

No action has been or will be taken in any jurisdiction (except in the United States) that would permit a public offering of the shares of common stock, or the possession, circulation or distribution of this prospectus or any other material relating to our company, or shares of our common stock in any jurisdiction where action for that purpose is required. Accordingly, the shares of our common stock may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering materials or advertisements in connection with the shares of common stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Purchasers of the shares offered by this prospectus may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price on the cover page of this prospects.

NASD REGULATIONS

More than ten percent of the proceeds of the offering will be applied to pay down debt obligations owed to affiliates of Merrill Lynch International, Salomon Brothers International Limited, Banc of America Securities Limited and The Robinson-Humphrey Company, LLC. Because more than ten percent of the net proceeds of the offering will be paid to members or affiliates of members of the National Association of Securities Dealers, Inc. participating in the offering, the offering will be conducted in accordance with NASD Conduct Rule 2710(c)(8). This rule requires that the public offering price of an equity security be no higher than the price recommended by a qualified independent underwriter which has participated in the preparation of the registration statement and performed its usual standard of due diligence with respect to that registration statement. CIBC World Markets Corp. has agreed to act as qualified independent underwriter for the offering. The price of the shares will be no higher than that recommended by CIBC World Markets Corp.

The underwriters will not confirm sales of shares to any account over which they exercise discretionary authority without the prior written specific approval of the customer.

PRICE STABILIZATION, SHORT POSITIONS AND PENALTY BIDS

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the U.S. representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

The underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the issuer in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common shares made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common shares. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters makes any representation that the U.S. representatives or the lead managers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

OTHER RELATIONSHIPS

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Affiliates of Salomon Brothers International Limited acted as the arranger and affiliates of Salomon Brothers International Limited and The Robinson-Humphrey Company, LLC acted as administrative agent, collateral agent, issuing bank and swingline lender under our credit facility. In addition, affiliates of Merrill Lynch International, Salomon Brothers International Limited, Banc of America Securities Limited and The Robinson-Humphrey Company, LLC are lenders under our credit facility.

INTERNET DISTRIBUTION

Merrill Lynch will be facilitating internet distribution for the offering to some of its internet subscription customers. Merrill Lynch intends to allocate a limited number of shares for sale to its online brokerage customers. An electronic prospectus is available on the website maintained by Merrill Lynch. Other than the prospectus in electronic format, the information on the Merrill Lynch website relating to the offering is not a part of this prospectus.

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Through and including , 2001 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

SHARES

CROSS COUNTRY, INC.

COMMON STOCK

P R O S P E C T U S

MERRILL LYNCH INTERNATIONAL

SALOMON SMITH BARNEY

BANC OF AMERICA SECURITIES LLC

ROBINSON-HUMPHREY

CIBC WORLD MARKETS

, 2001

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PART II INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses expected to be incurred in connection with the issuance and distribution of common stock registered hereby, all of which expenses, except for the Securities and Exchange Commission registrant fee, the National Association of Securities Dealers, Inc. filing fee, and the Nasdaq National Market listing application fee, are estimated.

Securities and Exchange Commission registration fee.....	$ 35,938
National Association of Securities Dealers, Inc. filing fee.....	14,875
Nasdaq National Market listing application fee.....	*
Printing and engraving fees and expenses.....	*
Legal fees and expenses.....	*
Accounting fees and expenses.....	*
Blue Sky fees and expenses.....	*
Transfer Agent and Registrar fees and expenses.....	*
Miscellaneous expenses.....	*
Total.....	$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 102 of the General Corporation Law of Delaware allows a corporation to limit a director's personal liability to the corporation or its stockholders from monetary damages for breach of fiduciary duty as a director, with certain exceptions. The Company's Certificate of Incorporation, as amended, provides such limitation to the fullest extent permitted by the General Corporation Law of Delaware.

Section 145 of the General Corporation Law of Delaware permits a corporation, subject to the standards set forth therein, to indemnify any person in connection with any action, suit or proceeding brought or threatened by reason of the fact that such person is or was a director, officer, employee or agent of the corporation or is or was serving as such with respect to another entity at the request of the corporation. The Company's Certificate of Incorporation, as amended, and the Company's By-Laws, as amended, provide for full indemnification of its directors and officers to the extent permitted by Section 145.

Our amended and restated certificate of incorporation limits the liability of our directors to us and our stockholders to the fullest extent permitted by Delaware law. Specifically, our directors will not be personally liable for money damages for breach of fiduciary duty as a director, except for liability

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law, which concerns unlawful payments of dividends, stock purchases, or redemptions; and
- for any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated by-laws will also contain provisions indemnifying our directors and officers to the fullest extent permitted by Delaware law. The indemnification permitted under Delaware law is not exclusive of any other rights to which such persons may be entitled.

In addition, we maintain insurance on behalf of our directors and officers insuring them against liabilities asserted against them in their capacities as directors or officers or arising out of such status, except when we have directly indemnified the directors and officers.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

Since its inception, Cross Country has issued and sold the following securities:

On July 29, 1999, we issued and sold 2,040,503 shares of Common Stock for gross proceeds of $71.8 million.

On July 29, 1999, in connection with our acquisition of substantially all the assets of Cross Country Staffing, we issued 170,445 shares of Common Stock to Cross Country Staffing.

On July 29, 1999, pursuant to an Amended and Restated Subscription and Stockholders Agreement, we issued to Joseph Boshart, Emil Hensel, Jonathan Ward and Vickie Anenberg an aggregate of 49,716 shares of Common Stock for gross proceeds of $1.8 million.

On July 29, 1999, we issued 65,527 shares of Common Stock to The Northwestern Mutual Life Insurance Company in connection with its purchase of $10.0 million of our 12% Senior Subordinated Pay-in-Kind Notes, due on January 1, 2006.

On July 29, 1999, we issued 131,053 shares of Common Stock to DB Capital Investors in connection with the purchase by BT Investment Partners of $20.0 million of our 12% Senior Subordinated Pay-in-Kind Notes, due on January 1, 2006.

On December 9, 1999, we granted to certain of our and our subsidiaries' employees an aggregate of 22,754 shares of Common Stock in consideration for the receipt of $0.01 per share.

On December 16, 1999, in connection with our acquisition of TravCorps, we issued 1,520,000 shares of Common Stock to certain holders of stock of TravCorps.

In addition, as of March 31, 2001, the Company has granted options to purchase a total of 540,919 shares of Common Stock to employees, including certain senior managers, at a weighted average exercise price of approximately $ per share.

The issuances described above in this Item 15 were deemed exempt from registration under the Securities Act in reliance on either: (1) Rule 701 promulgated under the Securities Act as offers and sales of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701; or (2) Section 4(2) of the Securities Act, including Regulation D thereunder, as transactions by an issuer not involving any public offering.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

The following exhibits are filed with this registration statement.

NO.	DESCRIPTION
1.1*	Form of U.S. Underwriting Agreement
1.2*	Form of International Underwriting Agreement
2.1	Cross Country Staffing Asset Purchase Agreement, dated June 24, 1999, by and among W. R. Grace & Co.-Conn., a Connecticut corporation, Cross Country Staffing, a Delaware general partnership, and the Registrant, a Delaware corporation
2.2	Agreement and Plan of Merger, dated as of October 29, 1999, by and among the Registrant, CCTC Acquisition, Inc. and Certain Stockholders of Cross Country Staffing, Inc and TravCorps Corporation and the Stockholders of TravCorps Corporation
2.3	Stock Purchase Agreement, dated as of December 15, 2000, by and between Edgewater Technology, Inc. and the Registrant
3.1*	Amended and Restated Certificate of Incorporation of the Registrant
3.2*	Amended and Restated By-laws of the Registrant
4.1*	Form of specimen common stock certificate
4.2*	Stockholders Agreement, dated as of October 29, 1999, among the Registrant, a Delaware corporation, the CEP Investors and the MSDWCP Investors
4.3	Registration Rights Agreement, dated as of July 29, 1999, among the Registrant, a Delaware corporation and The Northwestern Mutual Life Insurance Company and DB Capital Investors, L.P. as Investors
4.4	Registration Rights Agreement, dated as of October 29, 1999, among the Registrant, a Delaware corporation and the Charterhouse Investors and the MSDW Investors.
5.1*	Opinion of Proskauer Rose LLP as to the legality of the common stock being registered
10.1	Employment Agreement, dated as of June 24, 1999, between Joseph Boshart and the Registrant
10.2	Employment Agreement, dated as of June 24, 1999, between Emil Hensel and the Registrant
10.3	Employment Agreement termination, dated as of December 21, 2000, between Bruce Cerullo and the Registrant
10.4	Lease Agreement, dated April 28, 1997, between Meridian Properties and the Registrant
10.5	Lease Agreement, dated October 31, 2000, by and between Trustees of the Goldberg Brothers Trust, a Massachusetts Nominee Trust and TVCM, Inc.
10.6	222 Building Standard Office Lease between Clayton Investors Associates, LLC and Cejka & Company
10.7	1999 Stock Option Plan of the Registrant
10.8	Equity Participation Plan of the Registrant
10.9	Second Amended and Restated Credit Agreement, dated as of March 16, 2001, among the Registrant, the Lenders Party thereto, Salomon Smith Barney, Inc., as Arranger, Citicorp USA, Inc. as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender, Bankers Trust Company, as Syndication Agent, and Wachovia Bank, N.A., as Documentation Agent

NO.	DESCRIPTION
10.10	Waiver and Amendment No. 1 dated as of May 3, 2001, to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 by and among the Registrant, the Lenders Party thereto, Salomon Smith Barney, Inc., as Arranger, Citicorp USA, Inc. as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender, Bankers Trust Company, as Syndication Agent, and Wachovia Bank, N.A., as Documentation Agent.
10.11	Form of Subsidiary Guarantee Agreement, dated as of December 16, 1999, among the Registrant's subsidiary guarantors and Citicorp USA, Inc., as collateral agent for the Obligees
10.12	Form of Security Agreement, dated as of July 29, 1999, as amended and restated as of December 16, 1999 among the Registrant and Citicorp USA, Inc. as collateral agent for the Obligees
10.13	Form of Pledge Agreement, dated as of July 29, 1999, as amended and restated as of December 16, 1999, among the Registrant and Citicorp USA, Inc., as collateral agent for the Obligees
10.14	Form of Indemnity, Subrogation and Contribution Agreement, dated as of December 16, 1999, among the Registrant, the subsidiaries of the Registrant and Citicorp USA, Inc., as collateral agent for the Obligees
21.1	List of subsidiaries of the Registrant
23.1	Consents of Ernst & Young LLP
23.2	Consent of PricewaterhouseCoopers LLP
23.3	Consent of Deloitte & Touche LLP
23.4*	Consent of Proskauer Rose LLP (contained in Exhibit 5.1)
24.1	Power of Attorney (included on signature page of the Registration Statement)

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* To be filed by amendment.

(b) Financial Statement Schedules

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS (FOR CONTINUING OPERATIONS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	WRITEOFF'S	RECOVERIES	OTHER CHANGES	BALANCE AT END OF PERIOD
ALLOWANCE FOR DOUBTFUL ACCOUNTS						
Period July 30-December 31, 1999	$1,159,039	$ 511,341	$ (273,142)	$ --	$ 746,872 (a)	$2,144,110
Year ended December 31, 2000	2,144,110	431,397	(563,436)	75,676	--	2,087,747
Three months ended March 31, 2001	2,087,747	419,926	(150,104)	--	52,499 (b)	2,410,068

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(a) - Allowance for doubtful accounts for receivables acquired in TravCorps acquisition

(b) - Allowance for doubtful accounts for receivables acquired in ClinForce acquisition

All schedules not identified above have been omitted because they are not required, are not applicable or the information is included in the selected consolidated financial data or notes contained in this Registration Statement.

ITEM 17. UNDERTAKINGS

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by the director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Boca Raton, Florida, on the 11th day of July, 2001.

CROSS COUNTRY, INC.

By: /s/ JOSEPH BOSHART
Joseph Boshart
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Each person whose signature appears below hereby constitutes and appoints Joseph A. Boshart and Emil Hensel, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all (1) amendments (including post-effective amendments) and additions to this Registration Statement and (2) Registration Statements, and any and all amendments thereto (including post-effective amendments), relating to the offering contemplated pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons on the 11th day of July, 2001.

SIGNATURE	TITLE
/s/ JOSEPH A. BOSHART Joseph A. Boshart	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ EMIL HENSEL Emil Hensel	Chief Financial Officer, Chief Operating Officer and Director (Principal Financial Officer and Principal Accounting Officer)
/s/ KAREN H. BECHTEL Karen H. Bechtel	Director
/s/ BRUCE A. CERULLO Bruce A. Cerullo	Director
/s/ THOMAS C. DIRCKS Thomas C. Dircks	Director

SIGNATURE	TITLE
/s/ A. LAWRENCE FAGAN A. Lawrence Fagan	Director
/s/ ALAN FITZPATRICK Alan Fitzpatrick	Director
/s/ FAZLE HUSAIN Fazle Husain	Director
/s/ LORI LIVERS Lori Livers	Director

Exhibit 2.1

CROSS COUNTRY STAFFING
ASSET PURCHASE AGREEMENT

JUNE 24, 1999

TABLE OF CONTENTS

CROSS COUNTRY STAFFING
ASSET PURCHASE AGREEMENT

EXHIBITS AND SCHEDULES

EXHIBITS

SCHEDULES

CROSS COUNTRY STAFFING
ASSET PURCHASE AGREEMENT

CROSS COUNTRY STAFFING ASSET PURCHASE AGREEMENT dated June ___, 1999, by and among W. R. Grace & Co.- Conn., a Connecticut corporation ("GRACE"), Cross Country Staffing, a Delaware general partnership ("CCS"), and Cross Country Holdings, Inc., a Delaware corporation ("BUYER").

WITNESSETH:

WHEREAS, CCS is engaged in the business of recruiting and placing temporary health care and other professionals (the "BUSINESS");

WHEREAS, a 64% partnership interest in CCS is owned by CCHP, Inc., a Delaware corporation and an indirect subsidiary of Grace ("CCHP"), and a 36% partnership interest in CCS is owned by MRA Staffing Systems, Inc., a Delaware corporation ("MRA"), which will be an indirect wholly-owned subsidiary of Grace prior to the Closing (as defined); and

WHEREAS, CCS desires to sell to Buyer, and Buyer desires to purchase from CCS, substantially all of the tangible and intangible assets and business of CCS, on the terms and conditions and for the consideration provided herein;

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

ARTICLE 1

DEFINITIONS

1.01 GENERAL. All Article and Section numbers, and Exhibit and Schedule references used in this Agreement refer to Articles and Sections of this Agreement, and Exhibits and Schedules attached hereto or delivered simultaneously herewith, unless otherwise specifically stated. Any of the terms defined in this Agreement may be used in the singular or the plural. In this Agreement, unless otherwise specifically stated, "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific Section, paragraph or clause in which the word appears; and words importing any gender include the other genders.

1.02 DEFINED TERMS. For purposes of this Agreement, including the Exhibits and Schedules, the following defined terms have the meanings set forth in this Section.

"401(k) PLAN" has the meaning given such term in Section 5.12(c).

"ACCOUNT" means the bank account designated by CCS within five days prior to Closing.

"ACQUISITION PROPOSAL" has the meaning given such term in Section 8.05.

"ADDITIONAL FINANCIAL INFORMATION" has the meaning given such term in Section 7.01.

"AFFILIATE" of any specified Person at the time at which such status is being determined, means a Person that at such time, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified. "CONTROL" of a specified entity means the direct or indirect possession of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership

of voting securities, by contract, or otherwise, and in any event shall include ownership, directly or indirectly through one or more intermediaries, of voting securities or other equity interests of such entity having a majority of the voting power of the voting securities or other equity interests of such entity.

"AGREEMENT" means this Cross Country Staffing Asset Purchase Agreement.

"ASSETS" has the meaning given such term in Section 2.01(a).

"ASSUMED CONTRACTS" has the meaning given such term in Section 2.01(a).

"ASSUMED LIABILITIES" has the meaning given such term in Section 2.02.

"BALANCE SHEET DATE" has the meaning given such term in Section 5.06(c).

"BASE WORKING CAPITAL AMOUNT" means such amount determined in accordance with SCHEDULE 4.05.

"BREAK UP FEE" has the meaning given such term in Section 13.02(a).

"BUSINESS" has the meaning given such term in the recitals hereto.

"BUSINESS DAY" means a day that is not a Saturday or Sunday, nor a day on which banks are generally closed in New York City.

"BUYER" means Cross Country Holdings, Inc., a Delaware corporation.

"BUYER ENTITY" means a member of the Buyer Group.

"BUYER GROUP" means, collectively, Buyer and its Affiliates.

"BUYER SHARES" means the shares of Common Stock, par value $.01 per share, of Buyer.

"BUYERS' CLAIMS" has the meaning given such term in Section 14.04(a).

"BUYER'S EXPENSES" has the meaning given to such term in Section 13.02(a).

"CASH PURCHASE PRICE" has the meaning given such term in Section 2.05.

"CCHP" means CCHP, Inc., a Delaware corporation.

"CCS" means Cross Country Staffing, a Delaware general partnership.

"CCS ENTITY" means CCS, CCHP, MRA and each entity (other than Grace International Holdings, Inc.) which is as of the date hereof or will be as of the Closing, a direct or indirect subsidiary of Grace and a direct or indirect shareholder of CCHP or MRA.

"CCS EXECUTIVES" means Vickie Anenberg, Joseph A. Boshart, Emil Hensel and Jonathan Ward.

"CCS PARENTS" means all CCS Entities other than CCS.

"CCS PLAN" means any Employee Benefit Plan exclusively maintained, sponsored or contributed to by CCS or by CCHP, solely for the employees of CCS, other than the Phantom Equity Program and the Fixed Participation Program.

"CLAIM" has the meaning given such term in Section 14.01.

"CLOSING" means the actions to be taken by the parties described in Section 3.03.

"CLOSING CURRENT ASSETS" means the aggregate amount, as of the Valuation Time, of CCS's current assets, computed in accordance with Section 4.02, but excluding those current assets that are Retained Assets.

"CLOSING CURRENT LIABILITIES" means the aggregate amount, as of the Valuation Time, of CCS's current liabilities, computed in accordance with Section 4.02, but excluding those current liabilities that are Retained Liabilities.

"CLOSING DATE" means the date on which the Closing takes place.

"CLOSING STATEMENT" has the meaning given such term in Section 4.03.

"CLOSING WORKING CAPITAL AMOUNT" means the amount of the Closing Current Assets less the amount of the Closing Current Liabilities.

"CODE" means the Internal Revenue Code of 1986, as amended, and any reference to a particular Code section shall include any revision or successor to that section regardless of how numbered or classified.

"CONFIDENTIALITY AGREEMENT" means the confidentiality letter agreement dated January 5, 1999, between CCS and Buyer.

"COVERED PARTIES" has the meaning given such term in Section 8.05.

"CREDIT AGREEMENT" means that Credit Agreement dated July 1, 1996 by and among CCS, NationsBank, National Association (South) and the other lenders party thereto.

"CUT-OFF TIME" has the meaning given such term in Section 16.04.

"DAMAGES" has the meaning given such term in Section 14.01.

"DIRECT CLAIMS" has the meaning given such term in Section 14.01.

"DOJ" means the United States Department of Justice.

"EMPLOYEE BENEFIT PLAN" means any written "employee benefit plan" (as defined under Section 3(3) of ERISA) and any other vacation, bonus, deferred compensation, pension, retirement, stock purchase, stock appreciation, severance, or change in control plan or any other employee benefit plan, policy, arrangement or practice (written or unwritten, insured or uninsured) providing compensation or benefits to current or former employees, directors or partners who are individuals.

"ENVIRONMENTAL LAWS" means any federal, state, local or common law, rule, regulation, ordinance, code, order or judgment (including the common law and any judicial or

administrative interpretations, guidance, directives, policy statements or opinions) relating to the injury to, or the pollution or protection of human health and safety or the environment.

"ENVIRONMENTAL LIABILITIES" means any claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys and consultants fees) of investigation, assessment, remediation or defense of any matter relating to human health, safety or the environment of whatever kind or nature by any Person or governmental entity, (A) which are incurred as a result of (i) the existence of Hazardous Substances in, on, under, at or emanating from any real property presently or previously owned or operated by any CCS Entity, (ii) the offsite transportation, treatment, storage or disposal of Hazardous Substances generated by any CCS Entity or (iii) the violation of any Environmental Laws or (B) which arise under the Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"FIELD STAFF" means employees of CCS who work for its clients pursuant to staffing contracts between CCS and the clients, and other individuals who staff a client facility under a contract between CCS and such client.

"FINANCIAL STATEMENTS" has the meaning given such term in Section 5.06.

"FTC" means the United States Federal Trade Commission.

"GAAP" means generally accepted accounting principles in the United States.

"GN" means GN Holdings, Inc., a Delaware corporation (formerly named CCHP Delaware, Inc.).

"GOVERNMENTAL AUTHORITY" means an entity, whether domestic or foreign, exercising executive, legislative, judicial, regulatory or administrative functions of government, including, but not limited to, agencies, departments, boards, commissions, or other instrumentalities.

"GRACE" means W. R. Grace & Co. -Conn., a Connecticut corporation.

"GRACE ENTITY" means a member of the Grace Group.

"GRACE EXECUTIVES" means, collectively, Larry Ellberger, John A. McFarland, Paul McMahon and Bernd A. Schulte.

"GRACE GROUP" means, collectively, Grace and its Subsidiaries (excluding any CCS Entities).

"HAZARDOUS SUBSTANCE" means any substance, compound, chemical or element which is (a) defined as a hazardous substance, hazardous material, toxic substance, hazardous waste, pollutant or contaminant under any Environmental Law, (b) a petroleum hydrocarbon, including crude oil or any fraction thereof, or (c) regulated pursuant to any Environmental Law.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"INCOME TAX REGULATIONS" means the rules and regulations promulgated by the Internal Revenue Service (the "IRS") pursuant to the Code.

"INDEMNITEE" and "INDEMNITOR" have the meanings given such terms in Section 14.05(a).

"INTELLECTUAL PROPERTY" means Trade Secrets, patents and pending patent applications, registered and unregistered trademarks, service marks, logos, and copyrights, trade names and pending registrations and applications to register or renew the registration of any of the

foregoing, technical data, processes, designs (including originals of all product drawings and product spec sheets), licenses, and other similar intellectual property rights material to the Business. For purposes of this definition, the term "Trade Secrets" means any information which (i) is used in a business, (ii) is not generally known to the public or to Persons who can obtain economic value from its disclosure, and (iii) is subject to reasonable efforts to maintain its secrecy or confidentiality; the term may include but is not limited to inventions, processes, know-how, formulas, computer programs and backup programs, whether for manufacturing or otherwise and whether in source code, object code or executable code and mask works which are not patented and are not protected by registration (E.G., under copyright or mask work laws); lists of customers, vendors, suppliers, and employees, and data related thereto; business plans and analyses; and financial data.

"JOINT VENTURE AGREEMENT" means the Joint Venture Agreement dated May 31, 1996, as amended by the letter agreement dated the same date, between CCHP, Grace, MRA and Nestor (then named Nestor-BNA plc) providing for the formation of CCS.

"KNOWLEDGE" means actual knowledge on the date of this Agreement or on the Closing Date, as applicable, and in the case of the Sellers, their Knowledge shall mean such knowledge of the Grace Executives after consultation with the CCS Executives.

"KPMG" means KPMG LLP.

"LEASED REAL PROPERTY" means those parcels of leased real property used in the business of CCS, excluding leases of living quarters for Field Staff, as set forth in SCHEDULE 5.05.

"LIEN" means any mortgage, pledge, hypothecation, security interest, agreement to sell, option to buy, right of first refusal, title retention device or other lien or encumbrance, including any of the foregoing arising under a deed of trust or indenture.

"LITIGATION EXPENSES" has the meaning given such term in Section 14.01.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on the business, assets, operations or condition (financial or other) of CCS.

"MATERIAL CONTRACTS" has the meaning given such term in Section 5.10.

"MATERIAL PERMITS" has the meaning given such term in Section 5.15.

"MRA" means MRA Staffing Systems, Inc., a Delaware corporation.

"NESTOR" means Nestor Healthcare Group plc, an English public limited liability company (formerly known as Nestor-BNA plc).

"NESTOR SHAREHOLDERS' APPROVAL" has the meaning given such term in Section 13.01.

"NOTICE CONDITION" has the meaning given such term in Section 14.05.

"OTHER CONTRACTS" has the meaning given such term in Section 2.03.

"PARTNERSHIP AGREEMENT" means the General Partnership Agreement of Cross Country Staffing dated May 31, 1996, between CCHP and MRA, as amended by the letter agreement dated the same date between CCHP, MRA, Grace and Nestor.

"PENDING" has the meaning given such term in Section 5.07.

"PERMITS" has the meaning given such term in Section 5.15.

"PERMITTED LIENS" means (a) Liens for Taxes which are not due and payable or which may thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings; (b) mechanics', materialmen's, workers', repairmen's,

warehousemen's, carriers' and other similar Liens for amounts which are not yet due and payable, or which may be paid without penalty, or which are being contested in good faith by appropriate proceedings; and (c) any Liens which individually or in the aggregate will not have or will not reasonably be expected to have a Material Adverse Effect.

"PERSON" means any individual, partnership, firm, trust, association, corporation, joint venture, unincorporated organization, other business entity or Governmental Authority.

"PLAN" means any Employee Benefit Plan established, maintained, sponsored, or contributed to by any CCS Entity on behalf of any employee, director or partner of CCS who is an individual (whether current, former or retired) or their beneficiaries, with respect to which any CCS Entity has any current obligation on behalf of such individual.

"PURCHASE PRICE" has the meaning given such term in Section 2.05.

"PwC" means Pricewaterhouse Coopers LLP.

"RETAINED ASSETS" means any CCS Entity's right, title and interest in (1) cash and cash items, other than deposits with third parties, (2) records relating solely to any of the Retained Liabilities, (3) Claims related to Retained Liabilities, including, without limitation, rights to refunds and credits of all Taxes that fall into the category of Retained Liabilities and (4) those assets listed in EXHIBIT 1A.

"RETAINED LIABILITIES" means (1) all liabilities and obligations of any CCS Entity pertaining to all federal, state and local obligations (a) for income Taxes for any period through and including the Closing Date, (b) under Section 1.1502-6 of the Income Tax Regulations (or any comparable provision of law or regulation) resulting from the affiliation of any of the CCS Entities with any other entity during any period through and including the Closing Date, (c) for

employment Taxes (including without limitation, withholding Taxes) caused by or arising from any CCS Entity's practices with regard to meal and incidental expense payments, lodging allowances or in-kind lodging to the extent that the employment Tax obligation (i) relates to any period through and including, the Closing Date or (ii) relates to any period after the Closing Date and results from meal and incidental expense payments or lodging allowances paid, or in-kind lodging provided, pursuant to contracts with Field Staff or mobile agreements entered into on or prior to the Closing (but not including subsequent extensions or renewals of such contracts) and (d) to make a payment resulting from a failure to post a bond with respect to any of the obligations set forth in (a), (b) or (c) above, (2) any liability or obligation of CCS arising out of any agreement or arrangement with any CCS Parent, Grace or Nestor or any Affiliate thereof, (3) any liability or obligation under any Employee Benefit Plan (other than a CCS Plan) of any CCS Entity, Grace, Nestor or any entity, whether or not incorporated, which is or was part of a controlled group or under common control with any CCS Entity, Grace or Nestor or otherwise treated as a "single employer" with any CCS Entity, Grace or Nestor within the meaning of Section 414(b), (c), (m) or (o) of the Code or under Section 4001 of ERISA with respect to any Employee Benefit Plan established, maintained, sponsored or contributed to by any CCS Entity, Grace or Nestor or such entity, including, but not limited to (i) liabilities for complete and partial withdrawals under any "multiemployer plan" (as defined in Section 3(37) of ERISA) pursuant to Section 4203 or 4205 of ERISA, respectively; (ii) liabilities to the Pension Benefit Guaranty Corporation (including, without limitation, liabilities for premiums and terminations); (iii) liabilities under Section 4980B of the Code or Part 6 of Subtitle B of Title I of ERISA; and (iv) liabilities arising under Section 412 of the Code or

Section 302(a)(2) of ERISA; (4) any liability or obligation, with respect to any CCS Plan that is an "employee benefit plan" (as defined by Section 3(3) of ERISA) that satisfies each of the following two conditions: such liability or obligation (i) is not incurred under the terms of such Plan (or the terms of other agreements related to such Plan, including, but not limited to, agreements or policies between any CCS Entity and an insurance company) and (ii) arises solely and exclusively as a result of such CCS Plan having been established, maintained, sponsored or contributed to by an entity that was part of a controlled group or under common control with Grace or Nestor or by any entity treated as a "single employer" with Grace or Nestor, within the meaning of Section 414(b), (c), (m) or (o) of the Code ; (5) any liability or obligation of CCS under the Joint Venture Agreement, Partnership Agreement, Shareholders Agreement or Credit Agreement, (6) any liability or obligation relating to the Retained Assets; and (7) those liabilities listed in EXHIBIT 1B.

"SCHEDULED CLOSING DATE" has the meaning given such term in Section 3.01.

"SECURITIES ACT" has the meaning given such term in Section 5.21.

"SELLERS" means collectively Grace and CCS.

"SHAREHOLDERS AGREEMENT" means the Shareholders Agreement dated July 15, 1991, between GN, CCHP, Grace, and Robert L. Bok, Diane C. Bok, Kevin C. Clark and Michelle F. Clark, as amended and supplemented by the Amendment to Employment Agreement, Shareholders Agreement and Consulting Agreement dated as of January 15, 1994, between CCHP and Kevin C. Clark, CCNU, Inc., AAM, Inc., Michelle F. Clark, Robert L. Bok, Diane C. Bok, GN and Grace, and the Agreement dated as of February 9, 1996, between GN, CCHP, Grace, Robert L. Bok, Diane C. Bok, Kevin C. Clark and Michelle F. Clark.

"SUBSIDIARIES" of a party means any corporation or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or interests having power to elect at least a majority of the board of directors or other Person performing similar functions, or having power to manage such organization, is directly or indirectly owned or controlled by such party and/or one or more of its Subsidiaries.

"SUPERIOR PROPOSAL" has the meaning given such term in Section 8.05.

"TAX RETURN" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"TAXES" means all federal, state, county, local, foreign and other taxes (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, withholding, employment and payroll related and property taxes, import duties and other governmental charges and assessments), whether attributable to statutory or nonstatutory rules and whether or not measured in whole or in part by net income, and including, without limitation, interest, additions to tax or interest, charges and penalties with respect thereto.

"THIRD PARTY CLAIMS" has the meaning given such term in Section 14.01.

"TRANSACTION DOCUMENTS" means this Agreement and the transfer and assumption documents to be executed at or before the Closing pursuant to Section 3.03.

"TRANSFERRED EMPLOYEE" has the meaning given such term in Section 12.01.

"VALUATION TIME" means 11:59 p.m. local time on the day immediately preceding the Closing Date.

ARTICLE 2

PURCHASE AND SALE

2.01 SALE OF ASSETS; RETAINED ASSETS.

(a) On the Closing Date, CCS shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire and accept from CCS, all right, title and interest of CCS in and to ALL of the assets, rights and properties of CCS other than the Retained Assets (collectively, the "ASSETS"), including, without limitation:

(i) all of the machinery, furniture, leasehold improvements and fixtures, and all other tangible assets owned by CCS or used in the Business;

(ii) the contracts and agreements of CCS (other than Other Contracts and contracts which are part of the Retained Assets) (the "ASSUMED CONTRACTS");

(iii) all of the Intellectual Property of CCS, including, without limitation, the items set forth on SCHEDULE 5.13(a) and the name "Cross Country Staffing";

(iv) the books, records and other data relating to the Business;

(v) all of the accounts receivable of CCS;

(vi) all deposits and prepaid expenses of CCS as well as CCS's rights under insurance policies covering the Assets or the Business (other than those rights under insurance policies listed on SCHEDULE 5.09(c));

(vii) the CCS Plans;

(viii) all right, title and interest of CCS in and to any and all Permits to the extent transferable or assignable;

(ix) all customer and supplier lists and related information of CCS as well as all existing advertising plans of any kind, sales literature and related items (including, without limitation, all art work and printers' plates presently in the possession of CCS' advertising agencies and printers); and

(x) all of the goodwill and other intangibles pertaining or relating to the Business.

2.02 ASSUMPTION OF LIABILITIES. At the Closing, Buyer shall assume all obligations and liabilities of CCS, other than the Retained Liabilities (the "ASSUMED LIABILITIES"), and no others.

2.03 OTHER CONTRACTS. Anything contained in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign or transfer any contract or agreement of CCS or any claim or right to any benefit arising thereunder, if an attempted assignment or transfer thereof, without the consent to such assignment or transfer by the other parties thereto, would constitute a breach thereof (the "OTHER CONTRACTS") . In each case in which consent of a third party is required for assignment or transfer of such Other Contract to Buyer, Buyer shall use its reasonable efforts to obtain, and Sellers agree to cooperate with Buyer in its efforts to obtain, such consent. If such consent is not obtained, Sellers and Buyer shall cooperate in any reasonable arrangements designed to provide for Buyer the benefits and relieve Sellers of the obligations under such Other Contract including, without limitation, CCS appointing Buyer as its subcontractor with respect to such Other Contract.

2.04 NO ENCUMBRANCES. Seller hereby covenants that the sale, assignment, transfer and delivery of the Assets hereunder shall be made free and clear of all Liens, except Permitted Liens (for purposes of this Section 2.04, Permitted Liens shall not include Liens for those Taxes which are included within the Retained Liabilities).

2.05 CONSIDERATION. In consideration of the aforesaid sale, assignment, transfer and delivery of the Assets, Buyer shall at the Closing (i) pay to CCS $183,000,000 (the "CASH PURCHASE PRICE") by wire transfer to the Account and (ii) issue to CCS 75,396 Buyer Shares (the Cash Purchase Price, together with the shares in (ii) shall collectively be referred to as the "PURCHASE PRICE"). The Cash Purchase Price shall be subject to adjustment as set forth in Article 4. The parties agree that the value of the Buyer Shares is $6 million and that they will report consistently with such valuation on all Tax Returns.

2.06 ALLOCATION OF PURCHASE PRICE. Prior to the Closing Date, the parties hereto shall work together to establish a valuation of Grace's non-competition agreement set forth in Section 16.02 and those non-competition agreements assigned to Buyer pursuant to Section 8.07. Buyer shall pay any fees and expenses of Ernst & Young LLP, retained to assist in establishing a valuation of the non-competition agreements.

ARTICLE 3

CLOSING

3.01 SCHEDULED CLOSING DATE. The "SCHEDULED CLOSING DATE" shall be July 30, 1999, or such other day as the parties may agree in an amendment to this Agreement executed and delivered in accordance with Section 19.05.

3.02 TIME AND PLACE OF CLOSING, SIMULTANEITY. Subject to fulfillment or waiver of the conditions set forth in Articles 10 and 11, the Closing shall take place at 10:00 a.m. local time on the Scheduled Closing Date at the offices of Proskauer Rose LLP, 1585 Broadway, New York, New York, or as the parties otherwise shall mutually agree. All of the actions to be taken and documents to be executed and delivered at the Closing shall be deemed to be taken, executed and delivered simultaneously, and no such action, execution or delivery shall be effective until all actions to be taken and executions and deliveries to be effected at the Closing are complete.

3.03 ACTIONS AT THE CLOSING. At the Closing, on the terms and subject to the conditions set forth in this Agreement:

(a) CCS will execute and deliver to Buyer bills of sale, instruments of assignment and other instruments of transfer for the Assets, in form reasonably satisfactory to Buyer;

(b) Buyer and each of Sellers will deliver to the other party all other documents, instruments and writings required to be delivered at or prior to the Closing Date pursuant to this Agreement;

(c) Buyer will pay the Cash Purchase Price contemplated by Section 2.05 hereof;

(d) Buyer will deliver to CCS a certificate representing 75,396 Buyer Shares;

(e) Buyer will deliver to CCS an instrument or instruments in form reasonably satisfactory to CCS by which Buyer shall assume the Assumed Liabilities; and

(f) Each of Buyer and Sellers will deliver to the other such certificates, opinions and other documents as are required by Articles 10 and 11.

3.04 FURTHER ASSURANCES. At any time and from time to time after the Closing, each of Sellers and Buyer shall execute and deliver, and cause to be executed and delivered, such other agreements, instruments and documents to effect, confirm or evidence the transactions contemplated by this Agreement as any other party hereto shall reasonably request consistent with the terms and conditions of this Agreement, and take, or cause to be taken, all such other actions, as such other party reasonably deems necessary or desirable to perfect, confirm or evidence the transactions contemplated by this Agreement. Each document of transfer or assumption executed and delivered pursuant to this Agreement shall be reasonably satisfactory in form and substance to Sellers and Buyer, but shall contain no terms, conditions, representations, warranties, covenants, agreements or indemnities either not provided by, or inconsistent with, the terms, conditions, representations, warranties, covenants, agreements or indemnities contained in this Agreement.

ARTICLE 4

POST-CLOSING ADJUSTMENT

4.01 CLOSING OF BOOKS. Sellers and Buyer shall cooperate to close the books and related accounting records of CCS as of the Valuation Time.

4.02 COMPUTATION. The Closing Working Capital Amount shall be determined (in US dollars) on a going concern basis, in accordance with GAAP, applied on a basis consistent to the Financial Statements for 1998. In addition, the Closing Working Capital Amount shall be determined using the same account classifications, closing procedures and time schedules as those used in the preparation of the Financial Statements for 1998. The

parties hereto acknowledge that the use of the closing procedures used in the Financial Statements for 1998 shall not prevent the Buyer from objecting to the sufficiency of the amounts of accruals and allowances reported in the Closing Working Capital Amount.

4.03 CLOSING STATEMENT. Within 60 days following the Closing Date, Sellers shall deliver to Buyer a statement setting forth their determination of the Closing Working Capital Amount, together with a report of PwC (the "CLOSING STATEMENT") stating whether or not the Closing Working Capital Amount has been determined in accordance with the terms of this Agreement. Simultaneously with the delivery of the Closing Statement, Sellers shall deliver to Buyer a statement of the Base Working Capital Amount determined in accordance with the provisions of SCHEDULE 4.05. Upon and after delivery of the Closing Statement and the statement of the Base Working Capital Amount, upon Buyer's request, its independent accountants shall be given access to PwC's working papers and Grace's working papers to facilitate Buyer's review of the Closing Statement and the statement of the Base Working Capital Amount, respectively.

4.04 ACCEPTANCE; NON-ACCEPTANCE; RESOLUTION.

(a) Buyer shall have 30 days after receipt of the Closing Statement and the statement of the Base Working Capital Amount to advise Sellers that Buyer disputes either of the working capital amounts. If Buyer fails to provide such notice (which shall describe in reasonable detail the basis of the objection and Buyer's proposed adjustments), then the Closing Working Capital Amount shown on the Closing Statement and the Base Working Capital Amount shall be final and binding on Sellers and Buyer. If Buyer provides notice that it disputes either of the working capital amounts within such 30-day period, Buyer and Sellers

shall promptly endeavor to resolve such dispute through negotiation. If written agreement settling all disputes has not been reached through negotiation within 45 days after receipt by Sellers of Buyer's notice of dispute, then either Sellers or Buyer may, by notice to the other, submit the dispute for determination by binding arbitration to KPMG, which shall have sole and absolute discretion with respect to the resolution of such dispute (subject to the provisions of Section 4.04(c)). KPMG shall settle any disputes regarding either the Closing Working Capital Amount or the Base Working Capital Amount separately. The working capital amounts, as modified by KPMG, shall be final and binding upon the parties, and shall constitute the final working capital amounts.

(b) The fees and expenses of KPMG for any determination of the Closing Working Capital Amount shall be shared as follows: Sellers shall bear that portion thereof equal to the total amount of such fees and expenses multiplied by a fraction, the denominator of which shall be the difference between the Closing Working Capital Amount as finally proposed by Buyer and the Closing Working Capital Amount as finally proposed by Sellers, and the numerator of which shall be the difference between the Closing Working Capital Amount as determined by KPMG and the Closing Working Capital Amount as proposed by Sellers. Buyer shall bear the remainder of such fees and expenses. Buyer and Sellers (treating the Sellers as a single entity for this purpose) each shall pay 50% of the fees and expenses of KPMG for any determination of the Base Working Capital Amount.

(c) KPMG shall not be authorized or permitted to (i) determine any question or matter whatsoever under or in connection with this Agreement, except the determination of what adjustments, if any, must be made to one or more of the items reflected in the

calculation of the Closing Working Capital Amount, (ii) modify the methods set forth in SCHEDULE 4.05 to calculate the Base Working Capital Amount, or (iii) determine working capital amounts that are not in the range between and including the final proposals of Sellers and Buyer. Nothing herein shall be construed to require KPMG to follow any rules or procedures of any arbitration association.

4.05 POST-CLOSING ADJUSTMENT.

The Cash Purchase Price shall be increased by the amount, if any, by which the finally determined Closing Working Capital Amount exceeds the finally determined Base Working Capital Amount. The Cash Purchase Price shall be decreased by an amount, if any, by which the finally determined Closing Working Capital Amount is less than the finally determined Base Working Capital Amount. Such adjusting payment shall be made not later than 15 calendar days after the final determination of the working capital amounts. If the net amount of the adjusting payment exceeds $100,000, interest shall accrue on the entire amount of the net adjusting payment, from the Closing Date to the date of payment, at a floating rate equal to the U.S. prime rate in effect from time to time during the period from the Closing Date until the date of payment in full, as reported by the Eastern Edition of THE WALL STREET JOURNAL.

ARTICLE 5

SELLERS' REPRESENTATIONS AND WARRANTIES

Sellers jointly and severally represent and warrant to Buyer as follows:

5.01 CORPORATE STATUS AND AUTHORITY, OWNERSHIP, ETC.

(a) STATUS AND AUTHORITY. CCS is a general partnership duly formed and existing under the laws of the State of Delaware with full partnership power and authority to own the Assets and to carry on the Business. CCS is licensed or qualified to transact business and is in good standing as a foreign entity in each jurisdiction set forth in SCHEDULE 5.01(a). Each of the Sellers has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and the Transaction Documents to which it is or will be a party. A true, correct and complete copy of the Partnership Agreement has been made available to Buyer; such Partnership Agreement is in full force and effect and has not been amended either orally or in writing since the date thereof.

(b) CCS, CCHP AND MRA OWNERSHIP. CCHP is the owner of a 64% partnership interest in CCS and MRA is the owner of a 36% partnership interest in CCS. Grace indirectly owns at least 90% of the outstanding capital stock of CCHP and, on the Closing, will own, directly or indirectly, all of the outstanding capital stock of MRA. CCS owns no equity security or any other equity interest of any Person.

5.02 AUTHORIZATION. The execution and delivery by each of the Sellers of this Agreement and the Transaction Documents to which it is or will be a party, and its performance of its obligations hereunder and thereunder have been duly authorized by all required partnership action, in the case of CCS, or corporate action, in the case of Grace. No vote of the stockholders of Grace or GN is required for the execution, delivery and performance by the Sellers of this Agreement.

5.03 EXECUTION AND DELIVERY. Each of the Sellers has duly and validly executed and delivered this Agreement and the Transaction Documents to which it is a party and which

are being executed and delivered simultaneously with this Agreement; and this Agreement and such Transaction Documents are valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (whether or not considered in a proceeding at law or in equity). The remaining Transaction Documents to which a Seller will be a party, when executed and delivered at the Closing, will be duly and validly executed and delivered by such Seller, and upon such execution and delivery, will be valid and binding obligations of such Seller enforceable against such Seller in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (whether or not considered in a proceeding at law or in equity).

5.04 NO CONFLICT. Except as otherwise disclosed in SCHEDULE 5.04, the execution and delivery by each of the Sellers of this Agreement and the Transaction Documents to which it is or will be a party, and its performance of its obligations hereunder and thereunder, does not and will not: (i) violate any provision of the certificate of incorporation or by-laws of Grace or the Partnership Agreement; (ii) violate, result in a breach of or constitute a default (or an event which, with or without notice, lapse of time or both, would constitute a default) under or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any material agreement or contract to which either of the Sellers or any CCS Entity is a party or by which any of

them (or any of their respective assets) is subject or bound; (iii) violate, or result in the creation of, or give any party the right to create, any Lien upon any of the Assets; (iv) violate, result in a breach of or constitute a default (or an event which, with or without notice, lapse of time or both, would constitute a default) under any judgment, decree, order or process of any court or Governmental Authority binding upon either of the Sellers, or any of their respective businesses or properties, including the Assets; (v) violate any statute, law or regulation applicable to either of the Sellers, or any of their respective businesses or properties, including the Assets; (vi) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any Assumed Contract; or (vii) require either of the Sellers to obtain any authorization, consent, approval or waiver from, or to make any filing with, any Person (other than those obtained by Sellers prior to the Closing, which are in full force and effect at the Closing), except for such violations, breaches, defaults, Liens, modifications, terminations or failures to obtain consents which would not reasonably be expected to have a Material Adverse Effect.

5.05 ASSETS.

SCHEDULE 5.05 sets forth a description of the Leased Real Property, and any rights of third parties to occupy space at the leased premises. CCS enjoys peaceful possession of all such property. Except as specified in SCHEDULE 5.05 and except for leases of living quarters for Field Staff, no real property is used in the Business. CCS does not own any real property.

5.06 FINANCIAL STATEMENTS.

(a) SCHEDULE 5.06(a) contains the balance sheet and related statements of income and partners' capital and of cash flows of CCS at and for the years ended December 31, 1998 and 1997, which have been audited and reported upon by PwC (collectively, the "FINANCIAL STATEMENTS"). The Financial Statements present fairly, in all material respects, the financial position of CCS at their respective dates, and the result of its operation and its cash flows for the years covered thereby, in conformity with GAAP consistently applied. Revenues of not less than $58,800,000 have been earned, fairly stated and recorded by CCS for the four-month period ended April 30, 1999, consistent with past practice and CCS's policies with respect to revenue recognition.

(b) Except as set forth in SCHEDULE 5.06(b), no Seller nor any officer, director or Affiliate of any Seller or any CCS Entity owns any controlling interest in any corporation, partnership, firm, association or business organization, entity or enterprise, which is a competitor, supplier or customer of CCS and which relationship is material to the Business; owns, in whole or in part, any property, asset or right used in connection with, and is material to, the Business; has an interest in any Material Contract; or has any contractual arrangements with CCS which are Material Contracts. Without limiting the foregoing, SCHEDULE 5.06(c) sets forth all contracts, licenses, agreements, commitments or other arrangements between any CCS Parent, member of the Grace Group and CCS, whether written or oral, and whether express or implied, pursuant to which such entity provides management, administrative, legal, financial, accounting, data processing, insurance, technical support, or other services to CCS which are material to the Business, or the use by CCS of any assets of such entity, or pursuant

to which rights, privileges or benefits are accorded to CCS which are material to the Business.

(c) Except for the Retained Liabilities, CCS has no liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise, except for (i) liabilities included or reflected in the Financial Statements; (ii) liabilities disclosed in the Schedules to this Agreement; (iii) liabilities incurred in the ordinary course of business subsequent to December 31, 1998 (the "BALANCE SHEET DATE"); or (iv) liabilities or performance obligations arising in the ordinary course of business (and not as a result of a breach or default by CCS) out of or under agreements, contracts, leases, arrangements or commitments to which CCS is a party. Sellers have no Knowledge of any basis for the assertion against CCS of any such liability.

5.07 LITIGATION; INVESTIGATIONS.

(a) Except as set forth in SCHEDULE 5.07(a) AND EXCEPT WITH RESPECT TO RETAINED LIABILITIES, there are no actions, suits or proceedings Pending (which shall be defined as service of a written summons or complaint on the Person in question) or, to the Knowledge of Sellers, threatened against CCS, the CCS Parents, Sellers or the Plans (other than non-material notice claims for benefits, and appeals of such claims), any trustee or fiduciary of the Plans or any assets of any trust of the Plans which would reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth in the SCHEDULE 5.07(b) AND EXCEPT WITH RESPECT TO RETAINED LIABILITIES, there are no Pending or, to the Knowledge of Sellers, threatened

governmental investigations of CCS, the CCS Parents, the Business, or the Plans which would reasonably be expected to have a Material Adverse Effect.

5.08 ORDINARY COURSE OF BUSINESS. Except as set forth in SCHEDULE 5.08 and except for such actions which would not reasonably be expected to have a Material Adverse Effect, since the Balance Sheet Date the Business has been conducted only in the ordinary and usual course consistent with past practice.

5.09 INSURANCE. SCHEDULE 5.09(a) describes the insurance coverage maintained by or on behalf of CCS, the Business or the Assets. Except as set forth on SCHEDULE 5.09(b), no member of the Grace Group or any CCS Entity has received any written notice from, or on behalf of, any insurance carrier issuing to it those insurance policies which are among the Assumed Contracts to the effect that: (a) insurance rates will hereafter be substantially increased; (b) there will hereafter be no renewal of existing policies; or (c) material modification of any aspect of the Business will be required.

5.10 CONTRACTS. SCHEDULE 5.10 lists all the contracts and agreements of CCS that (i) (A) have a term of one year or more, (B) cannot be canceled by CCS without penalty upon notice of one year or less and (C) under which CCS may reasonably be expected to make expenditures or obtain receipts of $100,000 or more or (ii) could reasonably be expected to impose a material restriction on the conduct of the business of CCS (the agreements described in (i) and (ii) above shall collectively be referred to as the "MATERIAL CONTRACTS"). CCS heretofore has delivered or made available to Buyer complete copies of all such Material Contracts as currently in effect. Each Material Contract is valid and in full force and effect, and CCS is not in default thereunder.

5.11 LABOR AND EMPLOYMENT. SCHEDULE 5.11(a) lists each collective bargaining agreement between CCS and a labor union or similar organization covering any employee of any CCS Entity and each individual employment or consulting agreement that will remain in effect after the Closing covering any employee or consultant of a CCS Entity. Except as set forth in SCHEDULE 5.11(b), there is no labor strike, dispute, slowdown or stoppage actually Pending, threatened against or affecting any CCS Entity which may have a Material Adverse Effect; no CCS Entity has, during the twelve (12) month period prior to the date hereof, experienced any work stoppage or other labor dispute which may have a Material Adverse Effect.

5.12 EMPLOYEE BENEFIT PLANS.

(a) Except as set forth in SCHEDULE 5.12(a), there are no Plans, individually, that are expected to have liabilities in excess of $100,000 annually. With respect to each Plan, as applicable, accurate and complete (i) copies of each written Plan (including all amendments thereto), (ii) copies of related trust or funding agreements, (iii) copies of written summary plan descriptions, (iv) copies of written summaries of material modifications, (v) copies of the most recent annual reports and financial statements, (vi) copies of the most recent determination letter from the IRS for each Plan intended to qualify under Code Section 401(a) and (vii) written summary descriptions of each unwritten Plan set forth in SCHEDULE 5.12(a), have been heretofore delivered or made available to Buyer.

(b) No CCS Entity nor any of their respective predecessors, has ever contributed to, contributes to, or has ever been required to contribute to, any plan subject to Section 412 of the Code, Section 302 of ERISA or Title IV of ERISA, including, without

limitation, any "multiemployer plan" (within the meaning of Sections (3)(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code), or any single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) which is subject to Sections 4063 and 4064 of ERISA.

(c) With respect to each of the Plans on SCHEDULE 5.12(a), except as set forth on SCHEDULE 5.12(c) (i) all payments required to be made prior to Closing by any Plan with respect to all periods through the date of the Closing shall have been made; (ii) each Plan in form and in operation complies in all material respects with applicable law, including, without limitation, ERISA and the Code; (iii) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA which would reasonably be expected to have a Material Adverse Effect, has occurred with respect to the Plan (and the consummation of the transactions contemplated by this Agreement will not constitute or directly or indirectly result in such a "prohibited transaction"); and (iv) with respect to each Plan that is funded mostly or partially through an insurance policy, no CCS Entity has any liability in the nature of retroactive rate adjustment or loss sharing arrangement. The CCHP 401(k) Plan (the "401(k) PLAN") is the only CCS Plan intended to qualify under Section 401(a) of the Code. The 401(k) Plan is a prototype plan. Nothing has occurred since the inception of the 401(k) Plan, or is expected to occur through the Closing Date, that would reasonably be expected to cause the loss of the 401(k) Plan's status as a plan qualified under Section 401 (a) of the Code. The IRS has issued to the 401(k) Plan's prototype sponsor a favorable determination letter that has been delivered to the Buyer.

(d) The consummation of the transactions specified in this Agreement will not give rise to any liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or accelerate the time of payment or vesting or increase the amount of compensation or benefits due to any employee, director or shareholder of any CCS Entity (whether current, former, or retired) or their beneficiaries under any Plan listed in SCHEDULE 5.12(a) solely by reason of such transactions. No CCS Entity maintains, contributes to, or in any way provides for any benefits of any kind whatsoever under an "employee welfare benefit plan" (as defined under Section 3(1) of ERISA) to any current or future retiree or terminee, other than under Section 4980B of the Code. Except as set forth in SCHEDULE 5.12(d), no authorized officer, director, partner or employee of Grace, Nestor or any CCS Entity has made any promises or commitments to create any additional plan, agreement, or arrangement, or to modify or change any existing Plan listed on SCHEDULE 5.12(a) that would materially increase the liabilities associated with such Plan. Except for the provisions of applicable law (including, without limitation, applicable contract law), no event, condition, or circumstance exists that would prevent the amendment or termination of any Plan set forth in SCHEDULE 5.12(a).

5.13 INTELLECTUAL PROPERTY. SCHEDULE 5.13(a) sets forth a list of all patents and patent applications, registered trademarks and trademark applications, registered service marks and service mark applications and copyrights and copyright applications owned by CCS and used directly and primarily in the Business. Except as set forth in SCHEDULE 5.13(b), CCS has not granted any third party any license to use any of such items. The Intellectual Property included in the Assets is the only Intellectual Property used directly and

primarily in the Business except for such Intellectual Property, the failure of which to be included in the Assets would not have a Material Adverse Effect. SCHEDULE 5.13(c) lists all Material Contracts under which CCS has a license from an unaffiliated Person to use the Intellectual Property in the Business. CCS heretofore has delivered or made available to Buyer complete copies of such Material Contracts as currently in effect.

5.14 COMPLIANCE WITH LAWS. Except as set forth in SCHEDULE 5.14, CCS, the CCS Parents and the Plans are in compliance with all federal, state, county, local or foreign laws, statutes, ordinances, rules and regulations, the failure to be in compliance with which would reasonably be expected to have a Material Adverse Effect.

5.15 PERMITS. CCS has duly obtained all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals (collectively, "PERMITS") necessary for the conduct of the Business, except for such Permits the failure of which to have obtained would not reasonably be expected to have a Material Adverse Effect (the "MATERIAL PERMITS"); each of the Material Permits is listed in SCHEDULE 5.15 and is in full force and effect; there are no proceedings Pending or, to the Knowledge of Sellers, threatened which may result in the revocation, cancellation, suspension or modification of any Material Permit.

5.16 TAXES. Except with respect to Taxes which are included within the Retained Liabilities and except as set forth in SCHEDULE 5.16: (a) each CCS Entity has filed (or had filed on its behalf) with appropriate tax authorities all Tax Returns required to be filed by it and has paid (or had paid on its behalf) all Taxes due for all periods ending on or prior to the Closing Date; (b) all amounts required to be withheld or collected by any CCS Entity from customers or from or on behalf of employees for income, social security and unemployment

insurance Taxes have been collected or withheld and either paid to the appropriate governmental agency or set aside and, to the extent required by law, held in accounts for such purpose; (c) there are no Pending or threatened actions or proceedings by any applicable taxing authority for the assessment, collection, adjustment or deficiency of Taxes against any CCS Entity and there are no Pending or threatened Tax audits of any CCS Entity; (d) there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any assessment of Tax or audit of any Tax Return of any CCS Entity for any period; and (e) no CCS Entity is a party to any agreement, contract, arrangement or plan that as a result of the transactions contemplated by this Agreement would result, separately or in the aggregate, in the payment on behalf of any CCS Entity of any "excess parachute payments" within the meaning of Section 280G of the Code.

5.17 CUSTOMERS. Set forth in SCHEDULE 5.17 is a true and complete list of the top two and fourth through tenth largest customers of CCS in order of dollar amount of revenues during the last two fiscal years and for the period from the end of the last fiscal year through April 30, 1999, showing the total revenues in dollars from each such customer during each such period.

5.18 YEAR 2000 COMPLIANCE. Based on representations and warranties made by vendors to the CCS Entities, the computer systems (including all work stations and other components) of CCS are year 2000 compliant, except for such failures to be so compliant which would not reasonably be expected to have a Material Adverse Effect.

5.19 ENVIRONMENTAL MATTERS. All the operations of CCS comply and have at all times complied with all applicable Environmental Laws and CCS has not incurred any

Environmental Liabilities, except as, singularly or in the aggregate, would not have a Material Adverse Effect.

5.20 QUESTIONABLE PAYMENTS. No CCS Entity or any director, officer, agent, employee, or any other Person acting on behalf of a CCS Entity has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses; made any unlawful payment to government officials or employees or to political parties or campaigns; established or maintained any unlawful fund of corporate monies or other assets; made or received any bribe, or any unlawful rebate, payoff, influence payment, kickback or other payment; given any favor or gift which is not deductible for federal income tax purposes; or made any bribe, kickback, or other payment of a similar or comparable nature, to any governmental or non-governmental Person, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business or for special concessions secured, which such acts as described above, if discovered, would reasonably be expected to have a Material Adverse Effect.

5.21 INVESTMENT INTENT. CCS represents that it is acquiring the Buyer Shares for investment purposes and not with a view to the distribution thereof, provided that the disposition of its property shall at all times be within its control. Sellers acknowledge that the Buyer Shares have not been registered under the Securities Act of 1933, as amended (the "SECURITIES ACT") and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law.

ARTICLE 6

BUYER REPRESENTATIONS AND WARRANTIES

Buyer represents and warrants to Sellers as follows:

6.01 CORPORATE STATUS AND AUTHORITY. Buyer is a corporation duly organized and validly existing under the laws of Delaware. Buyer has full corporate power to enter into this Agreement and the Transaction Documents to which it is or will be a party and perform its obligations hereunder and thereunder.

6.02 AUTHORIZATION. The execution and delivery by Buyer of this Agreement and the Transaction Documents to which it is or will be a party, and its performance of its obligations hereunder and thereunder, have been duly authorized by all required corporate action (including stockholder action).

6.03 CAPITALIZATION. As of the date hereof, the authorized capital stock of Buyer consists of 2,000,000 Buyer Shares, of which, as of the Closing 1,000,000 shares (which includes those shares issued to CCS) will be issued and outstanding. Upon issuance of the Buyer Shares to CCS in connection with this Agreement, such Buyer Shares shall be validly issued and outstanding, fully paid and nonassessable, free of preemptive rights, and free and clear of all Liens, except for Liens resulting from actions of or on behalf of Sellers.

6.04 EXECUTION AND DELIVERY. Buyer has duly and validly executed and delivered this Agreement and the Transaction Documents to which it is a party and which are being executed and delivered simultaneously with this Agreement; and, this Agreement and such Transaction Documents are valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by

applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (whether or not considered on a proceeding at law or in equity). The remaining Transaction Documents to which Buyer will be a party, when executed and delivered at the Closing, will be duly and validly executed and delivered by Buyer, and upon such execution and delivery, will be valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (whether or not considered on a proceeding at law or in equity).

6.05 NO CONFLICT. The execution and delivery by Buyer of this Agreement and the Transaction Documents to which it is or will be a party, and its performance of its obligations hereunder and thereunder, does not and will not (a) conflict with its certificate of incorporation or by-laws; or (b) result in a breach of any of the provisions of, or constitute a default under, any judgment, order, decree, or agreement to which Buyer is bound, which breach or default would prevent Buyer from executing and delivering this Agreement or any Transaction Document to which it is or will be a party or performing its obligations hereunder or thereunder.

6.06 SUFFICIENT FUNDS. Buyer will have on the Scheduled Closing Date sufficient funds to consummate the transactions contemplated by this Agreement to be performed by Buyer.

ARTICLE 7

INVESTIGATION, ETC.

7.01 INVESTIGATION, ETC. Buyer hereby acknowledges the following:

(a) Buyer has conducted its own investigation and has made its own evaluation of the CCS Entities and the Business, Assets and Assumed Liabilities. The scope of such investigation has been determined by Buyer. No such investigation shall limit any representation or warranty of Sellers contained herein.

(b) As part of its investigation, Buyer is being given certain forecasts, projections and opinions prepared or furnished by or on behalf of Sellers with respect to the Business (the "ADDITIONAL FINANCIAL INFORMATION"). Buyer has taken responsibility for evaluating the adequacy of the Additional Financial Information. There are uncertainties inherent in attempting to make projections and forecasts and formulate opinions; Buyer is familiar with such uncertainties, and has taken such uncertainties into account in its evaluation of the Additional Financial Information. Except for the representations and warranties contained in Article 5 of this Agreement, neither of Sellers nor any of their respective Affiliates shall have any liability of any kind to Buyer or any other Buyer Entity, with respect to any of the Additional Financial Information.

7.02 NO ADDITIONAL REPRESENTATIONS. (a) Buyer hereby acknowledges that, except for the representations and warranties contained in Article 5 of this Agreement, no Seller nor any of its Affiliates is making any representation or warranty, express or implied, of any nature whatsoever with respect to the Business, Assets and Assumed Liabilities.

(b) Sellers hereby acknowledge that, except for the representations and warranties contained in Article 6 of this Agreement, neither Buyer nor any of its Affiliates is making any representation or warranty, express or implied, of any nature whatsoever, in connection with the transactions contemplated hereby.

ARTICLE 8

COVENANTS OF SELLERS AND BUYER

8.01 ACCESS AND INQUIRY. Between the date of this Agreement and the Closing, Sellers shall give Buyer reasonable access to the facilities of the CCS Group and Buyer will be permitted to contact and make reasonable inquiry of employees and customers of CCS regarding the Business, Assets and Assumed Liabilities. Sellers shall make available to Buyer all books, records, and other financial data and files of the CCS Entities. Buyer acknowledges that the terms of the Confidentiality Agreement shall apply to information obtained pursuant to this Section.

8.02 BULK TRANSFER. The parties agree to waive compliance with any bulk transfer law applicable to any of the transactions contemplated hereby.

8.03 HART-SCOTT-RODINO ACT. As soon as practicable after the date hereof, Sellers and Buyer will file or cause to be filed appropriate Notification and Report Forms under the HSR Act. Sellers and Buyer shall cooperate to coordinate such filings, and to make reasonable efforts to respond to any governmental request or inquiry with respect thereto.

8.04 PERMITS. As soon as reasonably practicable after the date hereof, Buyer shall prepare and file or cause to be prepared and filed with the appropriate licensing and permitting authorities applications for the issuance to Buyer of all those Material Permits on

SCHEDULE 5.15 that are not assignable or will be revoked, canceled, suspended or modified as a result of the transactions contemplated by this Agreement. Buyer shall use all reasonable efforts to secure such Material Permits. Sellers shall use all reasonable efforts requested by Buyer to assist Buyer in the preparation of such applications and the securing of such Material Permits.

8.05 NO SOLICITATION, ETC. Sellers and the Covered Parties (as defined in the following sentence) shall immediately cease and terminate any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted heretofore by Sellers or the Covered Parties with respect to an Acquisition Proposal (as defined herein). From the date hereof, Sellers shall not, and shall not permit any of their respective Affiliates (including W.R. Grace & Co.) or any of the CCS Entities or any officer, director, employee or representative of any of them (collectively, the "COVERED PARTIES"), to directly or indirectly, solicit or initiate any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to an Acquisition Proposal from any Person, or engage in any discussion or negotiations relating thereto or accept any Acquisition Proposal; provided, however, that notwithstanding the foregoing, Sellers may at any time prior to the Closing: (i) engage in discussions or negotiations with a third party who (without any solicitation or initiation, directly or indirectly, by any of the Sellers or the Covered Parties after the date hereof) seeks to initiate such discussions or negotiations and may furnish such third party information concerning CCS and its business if (A) the third party has first made an unsolicited bona fide written Acquisition Proposal (so long as such proposal did not result from a breach of this Section 8.05) and Grace determines in good faith that to do so has a

reasonable prospect of leading to an Acquisition Proposal that is superior to the transaction contemplated by this Agreement (taking into account all legal, financial and regulatory aspects of the proposal and the Person making such proposal), has a reasonable likelihood of being consummated and for which financing for the Acquisition Proposal has a reasonable prospect to be obtained (any such more favorable proposal, a "SUPERIOR PROPOSAL") and (B) prior to furnishing such information to or entering into discussions or negotiations with such Person, Grace (x) provides prompt notice to Buyer to the effect that it is planning to furnish information to or enter into discussions or negotiations with such Person and (y) receives or shall have received from such Person an executed confidentiality agreement or (ii) accept a Superior Proposal from a third party, provided Grace concurrently terminates this Agreement pursuant to Section 13.01(c) and immediately pays the Break-Up Fee set forth in Section 13.02(a). Sellers and the Covered Parties shall notify Buyer orally of the terms and conditions of any Superior Proposals and the identity of the Person making it within 24 hours of the receipt thereof. As used herein, "ACQUISITION PROPOSAL" shall mean a proposal to offer (other than by a member of the Buyer Group) to acquire by merger, reorganization, consolidation, purchase or otherwise any equity securities of, or partnership interest in, any CCS Entity or 15% or more of the assets of any CCS Entity.

8.06 MRA SHARES. Grace shall acquire, directly or indirectly, from Nestor prior to Closing all of the outstanding capital stock of MRA (or such other entity as may be the partner of CCS); provided, however, that this Section shall be deemed void AB INITIO if this Agreement is terminated pursuant to Section 13.01 or because the conditions set forth in Article 11 shall not have been satisfied.

8.07 ASSIGNMENT OF NON-COMPETITION AGREEMENTS. Effective as of the Closing, each member of the Grace Group hereby assigns to Buyer all its rights under all non-competition agreements with respect to the Business to which it is a party. Each member of the Grace Group covenants that it shall not terminate or modify, or agree to terminate or modify, such agreements.

8.08 FULFILLMENT OF CONDITIONS. Buyer and Sellers shall use their reasonable efforts to cause the conditions to Closing set forth in Articles 10 and 11 to be fulfilled in a timely manner.

8.09 NOTICES TO THIRD PARTIES. Buyer and Sellers shall cooperate to make all other filings and to give notice to all third parties that may reasonably be required to consummate the transactions contemplated by this Agreement.

8.10 REASONABLE EFFORTS. In using reasonable efforts under Sections 8.03, 8.04, and 8.08, neither Grace, CCS, Buyer nor their respective Affiliates shall be required to make any payment (other than for reasonable legal fees) that it is not presently legally or contractually required to make, divest any assets (including but not limited to the Assets), make any change in the conduct of its business, accept any limitation on the future conduct of its business, enter into any other agreement or arrangement with any Person that it is not presently contractually required to enter into, accept any significant modification in any existing agreement or arrangement, or agree to any of the foregoing.

8.11 LETTER REGARDING CONDITIONS. At the opening of business on the day before the Closing Date, Buyer shall provide Sellers with a letter (a) stating that as of that time, all the conditions set forth in Article 10 (other than the conditions in Sections 10.06 and 10.07) have

been satisfied, and that the forms of certificates and opinion required by Sections 10.06 and 10.07 are acceptable, or (b) specifying the conditions set forth in Article 10 that have not been satisfied. If, during the period from and after the delivery of such letter, Buyer determines that any condition set forth in Article 10 is no longer satisfied, Buyer shall not be obligated to cause the Closing to occur and shall have no liability to Sellers as a result of Buyer's delivery of such letter.

ARTICLE 9

CONDUCT OF BUSINESS PRIOR TO THE CLOSING

Sellers agree that except as otherwise contemplated by this Agreement or consented to by Buyer, from the date of this Agreement until the Closing:

9.01 OPERATION IN ORDINARY COURSE. Except as set forth in SCHEDULE 9.01, the Business shall be conducted only in the ordinary course and consistent with past practice.

9.02 DISPOSITION OF ASSETS. CCS shall not sell, lease (as lessor), transfer, license (as licensor), or otherwise dispose of, any of the Assets except the Retained Assets, other than in the ordinary course of business.

9.03 ASSUMED CONTRACTS. CCS shall not terminate or enter into any Material Contract.

9.04 RELATIONS WITH CUSTOMERS AND SUPPLIERS. CCS shall use all reasonable efforts to preserve its relations with customers and suppliers.

ARTICLE 10

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer under this Agreement are subject, at Buyer's option, to the fulfillment prior to or at the Closing, of each of the following conditions.

10.01 ACCURACY OF REPRESENTATIONS AND WARRANTIES. Each and every representation and warranty of Sellers under this Agreement shall be true and accurate in all material respects.

10.02 PERFORMANCE OF COVENANTS AND AGREEMENTS. Sellers shall have performed, in all material respects, all of the covenants and agreements required to be performed by them at or prior to the Closing pursuant to this Agreement.

10.03 HART-SCOTT-RODINO ACT. All waiting periods under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired, by passage of time or by valid termination by the FTC or the DOJ; no representative or member of the staff of either the FTC or the DOJ shall be taking the position that any such waiting period has not expired for any reason; and no representative or member of the staff of either the FTC or the DOJ shall have requested a delay of the Closing for a period which has not expired, which request has not been withdrawn.

10.04 PERMITS, CONSENTS, ETC.

(a) There shall be no Material Permits, consents, or declarations to or filings with, any Governmental Authority required in connection with the transactions contemplated by this Agreement and the Transaction Documents that have not been accomplished

or obtained, the failure to have accomplished or obtained would reasonably be expected to have a Material Adverse Effect.

(b) The non-governmental third party consents set forth on SCHEDULE 10.04(b) shall have been obtained at or prior to the Closing.

10.05 LITIGATION. No action, suit or proceeding by any third person (including, without limitation, any Governmental Authority) shall have been instituted (and remain Pending on the date of the Closing) against Grace, any CCS Entity or Buyer Entity that questions, or reasonably could be expected to lead to subsequent questioning of, the validity or legality of this Agreement or the transactions contemplated by this Agreement or seeks damages against any Buyer Entity or CCS Entity or injunctive relief in connection therewith.

10.06 CERTIFICATES OF SELLERS. (a) Each Seller shall have delivered to Buyer its certificate, dated the Closing Date, signed by such Seller or its Chief Executive Officer or President or any of its Vice Presidents, certifying that: (i) each and every representation and warranty made by it under this Agreement is true and accurate in all material respects as of the Closing; and (ii) such Seller has performed, in all material respects, at or prior to the Closing all of the covenants and agreements required to be performed by it at or prior to the Closing pursuant to this Agreement.

(b) On or before the Closing Date, Sellers may deliver to Buyer one or more proposed amendments to the Schedules to reflect any information not included in the original Schedules. If Buyer accepts in writing (which acceptance or rejection shall be in Buyer's sole and absolute discretion) such amendments to the Schedules and/or the certificates described in clause (a) containing exceptions, and proceeds with the Closing, then

Buyer shall be deemed to have waived any rights against Sellers with respect to any misrepresentation or breach of warranty disclosed in such amendments or exceptions.

10.07 OPINION OF SELLERS' COUNSEL. Sellers shall have delivered to Buyer an opinion of Grace's General Counsel, dated the Closing Date, in the form of Exhibit 10.07.

10.08 MATERIAL ADVERSE CHANGE. No material adverse change shall have occurred since the Balance Sheet Date in the business, assets, operations, prospects or condition (financial or other) of CCS.

10.09 LANDLORD CONSENT/ESTOPPEL LETTERS. Sellers shall provide Buyer with an estoppel letter reasonably satisfactory to Buyer dated within five Business Days of the Closing Date from each of the lessors of Leased Real Property confirming the effectiveness of the applicable lease and the absence of any default thereunder and, for the property in Boca Raton, FL, consenting to the transactions contemplated by this Agreement.

ARTICLE 11

CONDITIONS PRECEDENT TO SELLERS' OBLIGATIONS

All obligations of Sellers under this Agreement are subject to the fulfillment prior to or at the Closing, of each of the following conditions.

11.01 ACCURACY OF REPRESENTATIONS AND WARRANTIES. Each and every representation and warranty of Buyer under this Agreement shall be true and accurate in all material respects as of the Closing.

11.02 PERFORMANCE OF COVENANTS AND AGREEMENTS. Buyer shall have performed, in all material respects, all of the covenants and agreements required to be performed by Buyer at or prior to the Closing pursuant to this Agreement.

11.03 HART-SCOTT-RODINO ACT. All waiting periods under the HSR Act applicable to the transactions contemplated by this Agreement shall have expired, by passage of time or by valid termination by the FTC or the DOJ; no representative or member of the staff of either the FTC or the DOJ shall be taking the position that any such waiting period has not expired for any reason and no representative or member of the staff of either the FTC or the DOJ shall have requested a delay of the Closing for a period which has not expired, which request has not been withdrawn.

11.04 LITIGATION. No action, suit or proceeding by any third person (including, without limitation, any Governmental Authority) shall have been instituted (and remain Pending on the date of the Closing) against Grace or any CCS Entity that questions, or reasonably could be expected to lead to subsequent questioning of, the validity or legality of this Agreement or the transactions contemplated by this Agreement or seeks damages from either Seller or its respective Affiliates or injunctive relief in connection therewith.

11.05 CERTIFICATE OF BUYER. Buyer shall have delivered to Sellers a certificate of Buyer, dated the Closing Date, signed by its Chief Executive Officer or President or any of its Vice Presidents, certifying that: (i) each and every representation and warranty made by it under this Agreement is true and accurate in all material respects as of the Closing; and (ii) Buyer has performed, in all material respects, at or prior to the Closing all of the covenants and agreements required to be performed by it at or prior to the Closing pursuant to this Agreement.

11.06 OPINION OF BUYER'S COUNSEL. Buyer shall have delivered to Sellers an opinion of Proskauer Rose LLP, counsel to Buyer, dated the Closing Date, in the form of Exhibit 11.06.

ARTICLE 12

EMPLOYEE MATTERS

12.01 EMPLOYMENT. Prior to the Closing Date, Buyer shall make an offer of employment to each employee who is actively employed by CCS on the Closing Date (each a "TRANSFERRED EMPLOYEE"); provided, however, that any such offer of employment shall be contingent on the consummation of the Closing. Sellers consent to Buyer contacting such employees with respect to the desire of such employees to enter the employ of Buyer. Notwithstanding the foregoing, nothing herein shall be construed as to prevent Buyer from terminating the employment of any Transferred Employee at any time after the Closing Date for any reason (or no reason). Sellers shall deliver to Buyer as of the Closing Date all personnel files relating to Transferred Employees.

12.02 ASSUMED CCS PLANS. On the Closing Date, Buyer shall assume all assets and liabilities under each of the CCS Plans and Sellers and Buyer shall take all action as may be necessary or appropriate to establish Buyer as the successor as to all rights, duties, assets and liabilities under, or with respect to, the CCS Plans so assumed. Notwithstanding the foregoing, Buyer shall have the right (consistent with applicable law) to continue, terminate, merge or make changes or cause changes to be made in any CCS Plan or in any compensation, benefits and other terms of employment of any Transferred Employee.

ARTICLE 13

TERMINATION

13.01 RIGHTS TO TERMINATE.

(a) This Agreement may be terminated at any time prior to the Closing by written agreement of Sellers and Buyer.

(b) If for any reason the Closing shall not take place on the Scheduled Closing Date (as it may be postponed by an amendment to this Agreement executed in accordance with Section 19.05) or within ten Business Days thereafter, then either Grace or Buyer may terminate this Agreement at any time thereafter.

(c) This Agreement may be terminated by Sellers at any time prior to the Closing by written notice to Buyer if Grace determines that an Acquisition Proposal constitutes a Superior Proposal pursuant to the provisions of Section 8.05 herein.

(d) This Agreement may be terminated at any time prior to the Closing by Sellers or Buyer if:

(i) Nestor shall not have received, by the Scheduled Closing Date, the approval of the sale of Nestor's interest in CCS to Grace from the holders of the ordinary shares of Nestor by a simple majority of the votes cast at an extraordinary general meeting (the "NESTOR SHAREHOLDERS' APPROVAL"); or

(ii) an action, suit or proceeding by a third person (including, without limitation, any Governmental Authority) has been instituted (and remains Pending on the date of the Closing) against Nestor or any of its Subsidiaries that questions or reasonably could be expected to lead to subsequent questioning of, the legality of the sale of Nestor's interest

in CCS to Grace or seeks damages against Nestor or any of its Subsidiaries or injunctive relief in connection therewith.

13.02 CONSEQUENCES OF TERMINATION.

(a) The termination of this Agreement shall not affect a party's obligation to the other parties hereto (and all related Persons) for any prior breach of any covenant or agreement contained in this Agreement, except that upon termination of this Agreement in accordance with: (i) any of the provisions of Section 13.01, the parties (and all related Persons) shall be released from any and all liability for breach of any of the representations and warranties contained in Articles 5 and 6 of this Agreement, (ii) Section 13.01(c), Sellers shall pay to Buyer an aggregate fee of $6 million plus actual third party expenses of Buyer, not in excess of $900,000, relating to the transactions contemplated by this Agreement (including, without limitation, fees and expenses of Buyer's counsel and counsel to Buyer's lenders) (the "BUYER'-EXPENSES" and together with the $6 million fee, the "BREAK-UP FEE"), and (iii) Section 13.01(d)(i), Sellers shall pay to Buyer the amount of Buyer's Expenses; PROVIDED, HOWEVER, that if Sellers accept a Superior Proposal within 12 months from the date of termination of this Agreement pursuant to Section 13.01(d)(i), Sellers shall pay to Buyer the Break-Up Fee (less the amount of the Buyer's Expenses previously paid). Termination of this Agreement pursuant to Section 13.01(c) shall not be effective until the Break-Up Fee has been paid.

(b) In the event of termination of this Agreement pursuant to Section 13.01 by either Sellers or Buyer, Sections 13.02, 17.01 and 17.02 shall survive any such termination.

ARTICLE 14

INDEMNIFICATION

14.01 DEFINITIONS.

(a) "Claim" means any claim, demand, suit, action or proceeding.

(b) "Damages" means any and all penalties, fines, damages, liabilities, losses, costs or expenses (including reasonable Litigation Expenses).

(c) "Direct Claims" means Claims other than Third Party Claims.

(d) "Litigation Expenses" means attorneys' fees and other costs and expenses incident to investigations or proceedings respecting, or the prosecution or defense of, a Claim.

(e) "Third Party Claims" means any and all Claims by any Person, other than any Grace Entity, CCS Entity or Buyer, which could give rise to a right of indemnification under this Article.

14.02 SELLERS' INDEMNIFICATION.

(a) Subject to the terms and limitations of this Article, each of the Sellers shall severally and jointly indemnify Buyer and the other Buyer Entities against any Damages which are caused by or arise out of: (i) the failure to perform or fulfill any covenant or agreement to be performed or fulfilled by the Sellers under this Agreement or any of the Transaction Documents, (ii) any inaccuracy in any representation or breach of any warranty made by the Sellers in Article 5, (iii) the failure to comply with any applicable bulk transfer law, or (iv) the Retained Liabilities.

(b) The representations and warranties set forth in Article 5 shall survive the Closing; PROVIDED, HOWEVER, that (i) the representations and warranties set forth in Sections 5.01 through 5.03 and Sections 5.12 and 5.16 shall expire and be of no further force or effect upon the expiration of the statute of limitations applicable to the relevant Claim and (ii) the representations and warranties set forth in Sections 5.04 and subsequent Sections of Article 5 (other than Sections 5.12 and 5.16) shall expire and be of no further force and effect 12 months after the Closing Date, except in both cases, with respect to Claims which Buyer or other Buyer Entities have previously asserted in writing against Sellers describing the nature of such Claims with reasonable specificity, such representation or warranty shall not expire until the Claims are finally resolved.

(c) Any indemnification payment under this Section shall be treated as a reduction of the Purchase Price.

14.03 BUYER'S INDEMNIFICATION.

(a) Subject to the terms and limitations of this Article, Buyer shall indemnify Sellers and the other Grace Entities against any Damages which are caused by or arise out of (i) the failure to perform or fulfill any covenant or agreement to be performed or fulfilled by Buyer under this Agreement or any of the Transaction Documents, (ii) any inaccuracy in any representation or breach of any warranty made by Buyer in Article 6 or (iii) the Assumed Liabilities.

(b) The representations and warranties set forth in Article 6 shall survive the Closing; PROVIDED, HOWEVER, that the representations and warranties set forth in Sections 6.01 through 6.05 shall expire and be of no further force or effect upon the expiration of the

statute of limitations applicable to the relevant Claim, except with respect to Claims which Sellers or other Grace Entities have previously asserted in writing against Buyer describing the nature of such Claims with reasonable specificity, such representation or warranty shall not expire until the Claims are finally resolved.

14.04 LIMITATIONS WITH RESPECT TO CERTAIN CLAIMS.

(a) No Buyer Entity may assert any Claim for indemnification (collectively, "BUYERS' CLAIMS"), with respect to the breach of any representation or warranty made in Section 5.04 or subsequent Sections of Article 5, unless (i) Buyers' Claims give rise to Damages, which individually or together with all other related Buyers' Claims exceed $25,000, and (ii) unless and until the aggregate amount of such Buyers' Claims assertable under clause (i) shall exceed $1,000,000, and then only with respect to the excess of such aggregate Buyers' Claims over said $1,000,000.

(b) In no event shall the aggregate amount of the Sellers' indemnification obligations under Sections 14.02(a)(i) and 14.02(a)(ii) of this Agreement exceed the Purchase Price. In no event shall the aggregate amount of Buyer's indemnification obligations under Sections 14.03(a)(i) and 14.03(a)(ii) of this Agreement exceed the Purchase Price.

(c) The dollar thresholds set forth in this Section have been negotiated for the special purpose of the provision to which they relate, and are not to be taken as evidence of the level of "materiality" for purposes of any statutory or common law which may be applicable to the transactions contemplated by this Agreement under which a level of materiality might be an issue.

(d) The limitations set forth in Sections 14.04(a) and 14.04(b) shall not apply to any other claims for indemnification under this Agreement.

14.05 DEFENSE OF THIRD PARTY CLAIMS.

(a) If any Person intends to seek indemnification under this Agreement for a Third Party Claim, or to have a Third Party Claim taken into account for purposes of the dollar thresholds of Section 14.04, such Person (an "INDEMNITEE" with respect to such Third Party Claim) shall notify the Persons from whom it intends to seek such indemnification or request the taking into account of such Claim (the "INDEMNITORS" with respect to such Third Party Claim) in writing as soon as reasonably practicable after learning of such Third Party Claim. It shall be a necessary condition of any Claim by any Indemnitee for indemnification with respect to any Third Party Claim, or for such Third Party Claim to be taken into account for purposes of the dollar thresholds under Section 14.04, that such lndemnitee notify the Indemnitors prior to the time when the Indemnitors' ability to contest the Third Party Claim would be materially impaired by lack of notice (the "NOTICE CONDITION"). If the Notice Condition is not met with respect to a Third Party Claim, then the lndemnitees shall be deemed to have waived their rights to indemnification or payment with respect to such Third Party Claim to the extent the Indemnitor's ability to contest such Third Party Claim has been impaired by such lack of notice.

(b) Except as otherwise provided in subsection (c) of this Section, the lndemnitors may undertake the defense of a Third Party Claim of which the Indemnitees have notified the Indemnitors, by notice to the Indemnitees not later than 30 calendar days after receipt by the lndemnitors of Indemnitees' notice of the claim. Failure on the part of the

Indemnitors to so notify the lndemnitees that they will undertake such defense shall be deemed to be a waiver of the lndemnitors' right to undertake such defense. If the Indemnitors undertake the defense of any Third Party Claim, they shall control the investigation and defense thereof, except that the Indemnitors shall not require any Indemnitee, without its prior written consent, to take or refrain from taking any action in connection with such Third Party Claim, or make any public statement, which such lndemnitee reasonably considers to be against its interest, nor shall the Indemnitors, without the prior written consent of the Indemnitees, consent to any settlement that does not consist solely of the payment of money by the Indemnitors (or by the Indemnitees if the thresholds in Section 14.04 have not yet been satisfied) and an unconditional release of the Indemnitees; and subject to the Indemnitors' control rights, the Indemnitees may participate in such investigation and defense, at their own expense. If the Indemnitors do not undertake the defense of a Third Party Claim, then except as otherwise provided in subsection (c) of this Section, the lndemnitees shall control such investigation and defense, except that the Indemnitees shall not require any Indemnitor, without its prior written consent, to take or refrain from taking any action in connection with such Third Party Claim, or make any public statement, which such lndemnitor reasonably considers to be against its interest; with respect to any Third Party Claim for which Indemnitors have agreed to assume the liability but have not undertaken the defense, no Indemnitee shall consent to any settlement of such Third Party Claim without the prior written consent of the Indemnitors which consent will not be unreasonably withheld; and subject to the lndemnitees' control rights, the Indemnitors may participate in such investigation and defense, at their own expense.

(c) If there is a material conflict of interest between the Indemnitors and the Indemnitees with respect to a Third Party Claim, neither group shall be entitled to assume the defense thereof. In that event the Indemnitors and the Indemnitees each shall be entitled to conduct their own respective investigations and defenses, but they shall cooperate to conduct such investigation and defense as efficiently as possible. If the Indemnitors are required to indemnify the lndemnitees with respect to such Third Party Claim, they shall pay the reasonable attorneys' fees and expenses of one individual or firm representing the Indemnitees and one local counsel in each relevant jurisdiction with respect thereto.

(d) Buyer and Sellers shall make available to each other, their counsel and other representatives, all information and documents reasonably available to them which relate to any Third Party Claim or any Tax liability which is a Retained Liability, and otherwise cooperate as may reasonably be required in connection with the investigation and defense thereof. Grace shall have sole authority to conduct the defense on behalf of the CCS Entities of any IRS audit of the CCS Entities' meals and incidentals program for all Tax years ending on or prior to Closing. Buyer shall cooperate in providing reasonable assistance to Grace, at no cost to Buyer, in the defense thereof. Grace shall retain exclusive authority to settle any such audit on terms and conditions as Grace may determine.

14.06 PUNITIVE DAMAGES. No party to this Agreement, nor any other Grace Entity, CCS Entity or Buyer Entity, shall seek or be entitled to punitive Damages with respect to any Direct Claim, nor shall it accept payment of any award or judgment for such Direct Claim to the extent that such award or judgment includes such punitive Damages.

ARTICLE 15

COOPERATION IN VARIOUS MATTERS

15.01 MUTUAL COOPERATION.

After the Closing, Sellers and Buyer shall cooperate with each other as reasonably requested between them in connection with the prosecution or defense of any claims or other matters relating to the Business or the Assets. Such cooperation shall include the furnishing of testimony and other evidence, permitting access to employees, and providing information regarding the whereabouts of former employees.

15.02 PRESERVATION OF SELLERS' FILES AND RECORDS. For a period of six years after the Closing, Sellers shall, and shall cause their respective Subsidiaries to, preserve all files and records in their possession relating directly and primarily to CCS and its business, allow the Buyer Group access to such files and records and the right to make copies and extracts therefrom at any time during normal business hours, and not dispose of any thereof, except that at any time after the Closing, either Seller may, but shall not be required to, give Buyer written notice of its intention to dispose of any records that are more than six years old, specifying the items to be disposed of in reasonable detail. Any Buyer Entity may, within a period of sixty days after receipt of any such notice, notify such Seller of the Buyer Group's desire to retain one or more of the items to be disposed of. Such Seller shall, upon receipt of such a notice from the Buyer Group, deliver such items as reasonably requested, at the Buyer Group's expense.

ARTICLE 16

POST-CLOSING MATTERS

16.01 INFORMATION FOR REPORTS. At the reasonable request of Sellers, Buyer shall provide to Sellers on a timely basis, in such form as Sellers may reasonably request, such information relating to CCS and the Business for periods ending on or prior to the Closing Date as Sellers may require in order to enable it to prepare financial, Tax and other reports and statements for such periods.

16.02 COVENANT NOT TO COMPETE. Grace agrees with respect to all Grace Entities that for a period of three (3) years after the Closing Date, no such entity shall engage directly or indirectly, anywhere in the United States, in the business of providing health care professionals to hospitals and other health care facilities on a temporary or short-term basis; PROVIDED that the foregoing shall not apply to provision of such services by a business acquired by a Grace Entity after the Closing Date if, in the year prior to such acquisition, its net sales of such services were less than 20% of the net sales of the entire acquired business. A Grace Entity may also acquire a business that exceeds the threshold set forth in the immediately preceding sentence; PROVIDED that the entity divests the unit of such business providing such services within one year after its acquisition; and PROVIDED, FURTHER, that if the entity shall not have effected such divestiture within one year after acquisition despite its reasonably diligent efforts, Buyer shall grant the entity reasonable extension of the divestiture period not to exceed six months. If the entity proposes to sell the unit of the acquired business that provides such services, it shall notify Buyer and give Buyer the opportunity to participate

in the bidding or other process for the sale of such unit on a basis substantially equal to other interested parties.

16.03 CONFIDENTIALITY AGREEMENTS. Each of the Sellers hereby agrees to assign their respective rights to those certain confidentiality agreements with Persons who had been previously solicited to acquire the Business. Such confidentiality agreements shall be among the Assumed Contracts. To the extent that such agreements may not be assigned to Buyer, Sellers agree to take all reasonable actions requested by Buyer to enforce such agreements, including the commencement of litigation. Buyer agrees to pay all third party costs and expenses incurred by Sellers in enforcing such agreements, and to indemnify and hold harmless Sellers against any Damages arising out of such enforcement activities.

16.04 INSURANCE. Buyer shall have no rights under any of the insurance policies maintained by any Seller or Grace Entity on behalf of the CCS Group or its business or assets with respect to events or occurrences after 11:59 p.m. local time on the Closing Date (the "CUT-OFF TIME"), or under any of the claims made policies included in such policies with respect to claims not made before the Cut-Off Time, and any amounts received with respect to such policies shall be promptly paid over to the relevant Person. With respect to rights and claims related to events or occurrences prior to the Cut-Off Time under such policies or the policies on SCHEDULE 5.09(a), Buyer shall be entitled to all rights under such insurance policies. In addition, Sellers agree to take all reasonable actions requested by Buyer to provide Buyer the rights set forth in the immediately proceeding sentence and Buyer shall be responsible for the making and administration of any claims, and Sellers shall provide such cooperation as Buyer may reasonably request in connection therewith. Any amounts

received with respect to such policies shall be promptly paid over to Buyer. All rights of Buyer with respect to such policies shall be subject to the terms and conditions of the policies included therein.

16.05 USE OF "CROSS COUNTRY" NAME. As soon as practicable after the Closing, Sellers shall use their reasonable efforts to change the name of CCS to a name that does not include any of the words "Cross Country Staffing."

ARTICLE 17

EXPENSES

17.01 BUYER'S EXPENSES. Buyer shall pay and indemnify Sellers against all expenses incurred by or on behalf of Buyer in connection with the preparation, authorization, execution and performance of this Agreement and the transactions contemplated hereby, including, but not limited to, all fees and expenses of Buyer's brokers, finders, agents, representatives, counsel and accountants.

17.02 SELLERS' EXPENSES. Each Seller shall pay or cause to be paid and indemnify Buyer against all expenses incurred by or on behalf of it, or by or on behalf of its Affiliate, in connection with the preparation, authorization, execution and performance of this Agreement and the transactions contemplated hereby, including, but not limited to, all fees and expenses of CS First Boston and all fees and expenses of brokers, finders, agents, representatives, counsel and accountants of the Sellers and their respective Affiliates and CCS.

17.03 TRANSFER TAXES. Buyer and the Sellers (treating the Sellers as a single entity for this purpose) each shall pay 50% of any sales, transfer, value added, excise, recording,

registration or similar Taxes applicable to the transfer of the Assets pursuant to this Agreement.

ARTICLE 18

NOTICES

18.01 NOTICES. All notices, requests, demands and other communications required or permitted to be given under this Agreement or any of the Transaction Documents shall be deemed to have been duly given if in writing and delivered personally, delivered by facsimile transmission (upon telephonic confirmation of receipt), or delivered by overnight courier or first-class, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to Grace or CCS:

W.R. Grace & Co.-Conn.
7500 Grace Drive
Columbia, MD 12044
Attention: Corporate Secretary
Fax: (410) 531-4783
Confirmation: (410) 531-4773

If to Buyer:

Cross Country Holdings, Inc.
c/o Charterhouse Group International, Inc.
535 Madison Avenue
New York, New York 10022
Attention: Thomas C. Dircks
Fax: (212) 750-9704
Confirmation: (212) 584-3200

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Attention: Stephen W. Rubin, Esq.
Fax: (212) 969-2900
Confirmation: (212) 969-3000

Any party may change the address to which such communications are to be directed to it by giving written notice to Sellers in the manner provided above.

ARTICLE 19

GENERAL

19.01 ENTIRE AGREEMENT. The Transaction Documents set forth the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, arrangements and understandings relating thereto. No representation, promise, inducement or statement of intention relating to the transactions contemplated by this Agreement has been made by any party or any related person which is not set forth in the Transaction Documents.

19.02 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, excluding any conflict-of-laws provisions thereof that would otherwise require the application of the law of any other jurisdiction.

19.03 SUBMISSION TO JURISDICTION. Each party to this Agreement hereby irrevocably submits in any suit, action or proceeding arising out of or relating to this Agreement or any of the Transaction Documents to which it is or will be a party, or any of its obligations hereunder or thereunder, to the jurisdiction of the United States District Court for the Southern District of New York and the jurisdiction of any court of the State of New York

located in New York County, and waives any and all objections to such jurisdiction that it may have under the laws of the State of New York or any other jurisdiction.

19.04 SUCCESSORS AND ASSIGNS. This Agreement shall be assignable by Buyer only with the prior written consent of Sellers, and by Sellers only with the written prior consent of Buyer; PROVIDED, that Buyer may, without such consent, assign its rights under this Agreement to any Affiliate of Buyer or to any Person providing financing to Buyer. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

19.05 AMENDMENTS AND WAIVERS. This Agreement may be amended, superseded or canceled, and any of the terms hereof may be waived, only by a written instrument specifically referring to this Agreement and specifically stating that it amends, supersedes or cancels this Agreement or waives any of its terms, executed by Sellers and Buyer. Failure of any party to insist upon strict compliance with any of the terms of this Agreement in one or more instances shall not be deemed to be a waiver of its rights to insist upon such compliance in the future, or upon compliance with other terms hereof.

19.06 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which counterparts may be signed by one or more parties. Each such counterpart shall be an original, but all such counterparts shall constitute but one agreement.

19.07 CAPTIONS. The captions used in this Agreement are for convenience of reference only and shall not be considered in the interpretation of the provisions hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written. W. R. GRACE & CO.-CONN.

By: /s/ Bernd Schulte

Name: Bernd A. Schulte
Title: Vice President

CROSS COUNTRY HOLDINGS, INC.

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Chairman

CROSS COUNTRY STAFFING

By: CCHP, INC., ITS GENERAL PARTNER

By: /s/ Bernd Schulte

Name: Bernd A. Schulte
Title:

By: MRA STAFFING SYSTEMS, INC.,
its general partner

By: /s/ David Lyon

Name: David Lyon
Title: President

The performance by W. R. Grace & Co.-Conn. and Cross Country Staffing of their respective obligations under the foregoing Asset Purchase Agreement is hereby guaranteed:

W. R. GRACE & CO.

By: /s/ Bernd Schulte

Name: Bernd A. Schulte
Title: Vice President

The performance by Cross Country Holdings, Inc. of its obligations under the foregoing Asset Purchase Agreement is hereby guaranteed:

CHARTERHOUSE EQUITY PARTNERS III, L.P.
BY CHUSA EQUITY INVESTORS III, L.P., ITS GENERAL PARTNER
BY CHARTERHOUSE EQUITY III, INC., ITS GENERAL PARTNER

By: /s/ Thomas C. Dircks

Name: Thomas C. Dircks
Title: Managing Director

AGREEMENT AND PLAN OF MERGER

dated as of

October 29, 1999

by and among

CROSS COUNTRY STAFFING, INC. ("CCS"),
CCTC ACQUISITION, INC.
AND CERTAIN OF THE STOCKHOLDERS OF CCS

and

TRAVCORPS CORPORATION and
the STOCKHOLDERS OF TRAVCORPS CORPORATION

TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of October 29, 1999 by and among Cross Country Staffing, Inc., a Delaware corporation ("CCS"), CCTC Acquisition, Inc., a Delaware corporation and a direct wholly-owned subsidiary of CCS ("Merger Sub"), certain of the stockholders of CCS (which Persons are listed on Exhibit 1 hereto and are individually referred to as a "CCS Stockholder" and collectively as the "CCS Stockholders") and TravCorps Corporation, a Delaware corporation ("TravCorps"), and each of the stockholders of TravCorps (which Persons are listed on Exhibit 2 hereto and are individually referred to as a "TC Stockholder" and collectively as the "TC Stockholders").

WHEREAS, the TC Stockholders own all of the issued and outstanding shares of capital stock of TravCorps;

WHEREAS, the CCS Stockholders own all of the issued and outstanding shares of capital stock of CCS;

WHEREAS, upon the terms and subject to the conditions of this Agreement and in accordance with the General Corporation Law of the State of Delaware ("Delaware Law"), CCS, Merger Sub, the CCS Stockholders, TravCorps and the TC Stockholders intend to enter into a business combination transaction;

WHEREAS, the parties hereto intend that the Merger (as defined herein) qualify as a "reorganization" within the meaning of Section 368(a) of the Code (as defined herein);

NOW, THEREFORE, in consideration of the foregoing, of the representations, warranties, covenants and mutual agreements hereinafter contained, and of other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

The terms defined in this Article I, whenever used herein (including without limitation the Exhibits and Schedules hereto), shall have the following meanings for all purposes of this Agreement:

"Affiliate" of a Person means any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such Person.

"Agreement" means this agreement among the parties set forth on the first page hereof, including, without limitation, all Exhibits and Schedules hereto, as the same may be amended from time to time.

"Balance Sheet Date" means July 31, 1999 in the case of CCS, and July 24, 1999 in the case of TravCorps.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York City are required or authorized by law to be closed.

"CCS" has the meaning given to it in the caption hereto.

"CCS APA" has the meaning set forth in Section 6.2(n).

"CCS Common Stock" has the meaning set forth in Section 2.6(a).

"CCS Environmental Liabilities" means any claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys' and consultants' fees) of investigation, assessment, remediation or defense of any matter relating to human health, safety or the Environment of whatever kind or nature by any Person or Governmental Entity, (A) which are incurred as a result

of (i) the existence of Hazardous Substances in, on, under, at or emanating from any Real Property, (ii) the off-site transportation, treatment, storage or disposal of Hazardous Substances generated by CCS or its Subsidiaries, or (iii) the violation of any Environmental Laws, or (B) which arise under the Environmental Laws.

"CCS ERISA Affiliate" means any entity that would be deemed a "single employer" with CCS under Section 414(b),(c),(m) or (o) of the Code or Section 4001 of ERISA.

"CCS Financial Statements" means the unaudited balance sheet of CCS as of July 31, 1999 and the related pro forma consolidated statements of operations, and cash flows of CCS and Cross Country Staffing, a general partnership, for the 12-month period ended on July 31, 1999, including the related notes thereto.

"CCS Material Adverse Effect" means any material adverse effect on the business, operations, financial condition or results of operations of CCS and its Subsidiaries taken as whole.

"CCS Plan" means any Employee Benefit Plan established, maintained, sponsored, or contributed to by CCS or any Subsidiary or an ERISA Affiliate on behalf of any employee, director or stockholder (whether current, former or retired) or their beneficiaries, or with respect to which CCS or any Subsidiary or any ERISA Affiliate has or has had any obligation on behalf of such person.

"CCS Stockholders" has the meaning given to it in the caption hereto.

"Closing" has the meaning set forth in Section 2.2(b).

"Closing Date" has the meaning set forth in Section 2.2(b).

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

"Consent" means any consent, approval, authorization, license or order of, registration, declaration or filing with, or notice to, or waiver from, any federal, state, local, foreign or other Governmental Entity or any Person, including, without limitation, any security holder or creditor which is necessary to be obtained, made or given in connection with the execution and delivery of this Agreement and/or any Operative Document, the performance by a Person of its obligations hereunder and/or thereunder and the consummation of the transactions contemplated hereby and/or thereby.

"Delaware Law" has the meaning given to it in the recitals hereto.

"Designated Amount" has the meaning set forth in Section 5.13.

"Directly or Indirectly" means as an individual, partner, shareholder, member, creditor, director, officer, principal, agent, employee, trustee, consultant, advisor or in any other relationship or capacity.

"Effective Time" has the meaning set forth in Section 2.2(a).

"Employee Benefit Plan" means any "employee benefit plan" (as defined under Section 3(3) of ERISA) or any other bonus, deferred compensation, pension, profit-sharing, retirement, stock purchase, stock option, stock appreciation, other forms of incentive compensation, excess benefit, supplemental pension insurance, disability, medical, supplemental unemployment, vacation benefits, payroll practice, fringe benefit, scholarship, sickness, accident, severance, or post-retirement compensation or benefit, welfare or any other employee benefit plan, policy, arrangement or practice, whether written or oral.

"Encumbrance" means any security interests, liens, pledges, levies, escrows, encumbrances, options, rights of first refusal, transfer restrictions, conditional sale contracts, title retention contracts, mortgages, hypothecations, indentures or security agreements whether written or oral.

"Environment" means any surface or subsurface physical medium or natural resource, including, air, land, soil, surface waters, ground waters, stream and river sediments.

"Environmental Action" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication from any Federal, state, local or municipal agency, department, bureau, office or other authority or any third party involving a Hazardous Discharge or any violation of any Permit or Environmental Laws.

"Environmental Laws" means any federal, state, local or common law, rule, regulation, ordinance, code, order or judgment (including the common law and any judicial or administrative interpretations, guidances, directives, policy statements or opinions) relating to the injury to, or the pollution or protection of, human health and safety or the Environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"GAAP" means United States generally accepted accounting principles, applied on a consistent basis.

"Governmental Entity" means any federal, state, local or foreign government, political subdivision, legislature, court, agency, department, bureau, commission or other governmental regulatory authority, body or instrumentality.

"Grace Entity" means Cross Country Staffing, a Delaware general partnership, CCHP, Inc., a Delaware corporation ("CCHP"), MRA Staffing Systems, Inc., a Delaware corporation ("MRA"), and each entity which was as of July 29, 1999 a direct or indirect shareholder of CCHP or MRA.

"Hazardous Discharge" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of Hazardous Substances, whether on or off the premises of CCS or TravCorps and their respective Subsidiaries, as the case may be.

"Hazardous Substance" means petroleum, petroleum products, petroleum-derived substances, radioactive materials, hazardous wastes, polychlorinated biphenyls, lead based paint, radon, urea formaldehyde, asbestos or any materials containing asbestos, and any materials or substances regulated or defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous constituents," "toxic substances," "pollutants," "contaminants" or any similar denomination intended to classify or regulate substances by reason of toxicity, carcinogenicity, ignitability, corrosivity or reactivity under any Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, with respect to any Person, all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (iv) issued or assumed as the deferred purchase price of property or services (other than trade accounts payable), (v) under capital leases, (vi) in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements, (vii) as an account party in respect of letters of credit and bankers' acceptances, (viii) with respect to Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise to be secured by) any Encumbrances on property owned or acquired by such Person, (ix) in the nature of guarantees of Indebtedness of others, and (x) for all accrued interest, premiums and penalties upon prepayment of any of the foregoing. Indebtedness with respect to any Person shall not include obligations of

such Person for operating leases (including real property leases) so long as the payments under such leases in accordance with GAAP are reflected as expenses on such Person's statement of operations.

"Indemnified Parties" has the meaning set forth in Section 5.7.

"Indemnified Party" has the meaning set forth in Section 5.7.

"IRS" means the Internal Revenue Service.

"Licensed Service Provider" has the meaning set forth in Section 3.17(c).

"Merger" has the meaning set forth in Section 2.1.

"Merger Sub" has the meaning given to it in the caption hereto.

"Operative Document" means any agreement, instrument or other document set forth on Exhibit 3 hereto.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" within the meaning of Section 3(2) of ERISA maintained or contributed to by or on behalf of CCS or TravCorps or any of their respective Subsidiaries, as the case may be.

"Person" means an individual, corporation, partnership, limited liability company, firm, joint venture, association, joint stock company, trust, unincorporated organization or other entity, or any Governmental Entity or quasi-governmental body or regulatory authority.

"Permits" means all licenses, certificates of authority, permits, registrations, local siting approvals, authorizations, qualifications and similar filings under any federal, state or local laws or with any Governmental Entities.

"Property" (or "Properties" when the context requires) means any Real Property and any personal or mixed property, whether tangible or intangible.

"Real Property" means any real property presently owned, used, leased, occupied, managed or operated by CCS or TravCorps or their respective Subsidiaries, as the case may be.

"Release" means release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the Environment or into or out of any property, including the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or real property or other property, whether owned or leased.

"Representative" has the meaning given to it in Section 8.14.

"Subsidiary," or "Subsidiaries" with respect to any Person (the "Owner"), means any corporation, partnership, limited liability company or other entity in which the Owner, directly or indirectly, owns or controls 50% or more of the voting stock or other ownership interests.

"Surviving Corporation" has the meaning set forth in Section 2.1.

"Tax Return" means each and every report, return, declaration, information return, statement or other information required to be supplied to a taxing or governmental authority with respect to any Tax or Taxes, including without limitation any combined or consolidated return for any group of entities including CCS or TravCorps or any of their respective Subsidiaries, as the case may be.

"Taxes" (or "Tax" where the context requires) shall mean all federal, state, county, provincial, local, foreign and other taxes (including, without limitation, income, profits, premium, estimated, excise, sales, use, occupancy, gross receipts, franchise, ad valorem, severance, capital levy, production, transfer, withholding, employment and payroll related and property taxes and other governmental charges and assessments), whether attributable to statutory or nonstatutory rules and whether or not measured in whole or in part by net income, and including without limitation interest, additions to tax or interest, charges and penalties with respect thereto, and expenses associated with contesting any proposed adjustment related to any of the foregoing.

"TC Stockholders" has the meaning given to it in the caption hereto.

"Trade Secrets" means any information which (i) is used in a business, (ii) is not generally known to the public or to Persons who can obtain economic value from its disclosure, and (iii) is subject to reasonable efforts to maintain its secrecy or confidentiality; the term may include but is not limited to inventions, processes, know-how, formulas, computer software, and mask works which are not patented and are not protected by registration (e.g., under copyright or mask work laws); lists of customers, suppliers, and employees, and data related thereto; business plans and analyses; and financial data.

"TravCorps" has the meaning given to it in the caption hereto.

"TravCorps Common Stock" has the meaning set forth in Section 2.6(a).

"TravCorps Environmental Liabilities" means any claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities, encumbrances, liens, violations, costs and expenses (including attorneys' and consultants' fees) of investigation, assessment, remediation or defense of any matter relating to human health, safety or the Environment of whatever kind or nature by any Person or Governmental Entity, (A) which are

incurred as a result of (i) the existence of Hazardous Substances in, on, under, at or emanating from any Real Property, (ii) the off-site transportation, treatment, storage or disposal of Hazardous Substances generated by TravCorps or its Subsidiaries, or (iii) the violation of any Environmental Laws, or (B) which arise under the Environmental Laws.

"TravCorps ERISA Affiliate" means any entity that would be deemed a "single employer" with TravCorps under Section 414(b),(c),(m) or (o) of the Code or Section 4001 of ERISA.

"TravCorps Financial Statements" means the unaudited consolidated balance sheet of TravCorps and its Subsidiaries as of July 24, 1999 and the related consolidated statement of operations, stockholders equity and cash flow of TravCorps and its Subsidiaries for the 12-month period ended July 24, 1999, including the notes thereto.

"TravCorps Material Adverse Effect" means any material adverse effect on the business operations, financial condition or results of operations of TravCorps and its Subsidiaries taken as whole.

"TravCorps Permitted Encumbrances" has the meaning set forth in Section 3.9.

"TravCorps Plan" means any Employee Benefit Plan established, maintained, sponsored, or contributed to by TravCorps or any Subsidiary or an ERISA Affiliate on behalf of any employee, director or stockholder (whether current, former or retired) or their beneficiaries, or with respect to which TravCorps or any Subsidiary or any ERISA Affiliate has or has had any obligation on behalf of such Person.

ARTICLE II

THE MERGER; CLOSING

2.1 The Merger. At the Effective Time and subject to and upon the terms and conditions of this Agreement and the applicable provisions of Delaware Law, Merger Sub shall be merged with and into TravCorps (the "Merger"), the separate corporate existence of Merger Sub shall cease, and TravCorps shall continue as the surviving corporation. TravCorps as the surviving corporation after the Merger is hereinafter sometimes referred to as the "Surviving Corporation."

2.2 Effective Time; Closing.

(a) On the Closing Date, the parties hereto shall cause the Merger to be consummated by filing a certificate of merger with the Secretary of State of the State of Delaware, in such form as required by, and executed in accordance with the relevant provisions of, Delaware Law. When used in this Agreement, the term "Effective Time" shall mean the date and time at which the Merger shall become effective under Delaware Law.

(b) The closing of the transactions contemplated by this Agreement (the "Closing") shall be held at the offices of Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, at a time and date to be specified by the parties, which shall be no later than the second Business Day after the satisfaction or waiver, as the case may be, of the conditions set forth in Article VI, or at such other time, date and location as the parties hereto agree in writing (the "Closing Date").

2.3 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of Delaware Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the rights, privileges, powers, franchises and property of Merger Sub and TravCorps shall vest in the Surviving Corporation, and all restrictions, disabilities, duties, debts and liabilities of Merger Sub

and TravCorps shall become the restrictions, disabilities, duties, debts and liabilities of the Surviving Corporation.

2.4 Certificate of Incorporation; By-Laws.

(a) At the Effective Time, the Certificate of Incorporation of Merger Sub, in the form attached hereto as Exhibit 4, shall be the Certificate of Incorporation of the Surviving Corporation, and shall continue in full force and effect until thereafter amended; provided, however, that at the Effective Time Article I of the Certificate of Incorporation of the Surviving Corporation shall be amended to read: "The name of the corporation is TravCorps Corporation."

(b) At the Effective Time, the Bylaws of Merger Sub, in the form attached hereto as Exhibit 5, shall be the Bylaws of the Surviving Corporation and shall continue in full force and effect until thereafter amended.

2.5 Directors and Officers. The directors and officers set forth on Schedule 2.5 hereto shall be the initial directors and officers of the Surviving Corporation, in each case until their respective successors are duly elected or appointed and qualified.

2.6 Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of any party:

(a) Conversion of TravCorps Common Stock. The shares of common stock, par value $0.01 per share, of TravCorps ("TravCorps Common Stock") issued and outstanding immediately prior to the Effective Time, other than any shares of TravCorps Common Stock to be canceled pursuant to Section 2.6(b), will be canceled and extinguished and automatically converted into the right to receive, in the aggregate, 1,520,000 shares of validly issued, fully paid and non-assessable Class A common stock, par value $0.01 per share, of CCS

("CCS Common Stock") upon surrender of the certificates representing such shares of TravCorps Common Stock at the Closing.

(b) Cancellation of Parent-Owned Stock. Each share of TravCorps Common Stock held by TravCorps or owned by Merger Sub, CCS or any direct or indirect wholly-owned subsidiary of TravCorps or of CCS immediately prior to the Effective Time shall be canceled and extinguished without any conversion thereof.

(c) Capital Stock of Merger Sub. Each share of common stock, par value $0.01 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be exchanged for and converted into one validly issued, fully paid and non-assessable share of common stock, par value $0.01 per share, of the Surviving Corporation. Each stock certificate of Merger Sub evidencing ownership of any such shares shall evidence ownership of such shares of capital stock of the Surviving Corporation.

(d) All Other Capital Stock of TravCorps. All other capital stock of TravCorps shall be canceled and retired and shall cease to exist, and no consideration shall be issued or delivered in exchange therefor.

2.7 No Further Ownership Rights in TravCorps Common Stock. All shares of CCS Common Stock issued in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to such shares of TravCorps Common Stock and, after the Effective Time, there shall be no further registration of transfers on the records of the Surviving Corporation of shares of TravCorps Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, certificates which immediately prior to the Effective Time represented outstanding shares of TravCorps Common Stock are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Article II.

2.8 Taking of Necessary Action; Further Action. If, at any time after the Effective Time, any such further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Corporation with full right, title and possession to all assets, property, rights, privileges, powers and franchises of TravCorps or Merger Sub, the officers and directors of TravCorps and Merger Sub are fully authorized in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action. CCS shall cause Merger Sub to perform all of its obligations relating to this Agreement and the transactions contemplated hereby.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

OF THE TC STOCKHOLDERS

Each of the TC Stockholders, on a basis that is several and not joint, hereby represents and warrants to CCS and the CCS Stockholders as follows (all such representations and warranties are qualified by the TravCorps Disclosure Schedule attached to this Agreement as Exhibit III):

3.1 Organization and Qualification. TravCorps is a corporation duly organized, validly existing and in good standing in the State of Delaware, with corporate power and authority to own, lease and operate its assets and Properties and carry on its business as presently owned or conducted. TravCorps is licensed or qualified to transact business and is in good standing as a foreign corporation in each jurisdiction in which the ownership, use or leasing of its assets or Properties, or the conduct or nature of its business makes such licensing or qualification necessary and in which the failure to be so licensed or qualified and in good standing would reasonably be expected to have a TravCorps Material Adverse Effect. Each such jurisdiction is set forth in Schedule 3.1 of the TravCorps Disclosure Schedule. The name of each director and officer of TravCorps on the date hereof, and the position held by each such individual with TravCorps, is set forth on Schedule 3.1 of the TravCorps Disclosure Schedule.

The copies of the certificate of incorporation, including all amendments thereto, and by-laws of TravCorps delivered to CCS prior to the date hereof are complete and accurate copies of such instruments as currently in effect.

3.2 Authority; No Breach. (a) Each of the TC Stockholders has all requisite power and authority to execute and deliver this Agreement and the Operative Documents to which it is or shall, pursuant to this Agreement, be a party, and to perform, carry out and consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Operative Documents to which he or it is or shall, pursuant to this Agreement, be a party have been duly and validly authorized by all necessary limited partnership or other action on the part of such TC Stockholder. This Agreement and the Operative Documents to which he or it is, or will be a party, have been, or will be, duly executed and delivered by such TC Stockholder and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitute the legal, valid and binding obligations of such TC Stockholder.

(b) TravCorps has all requisite corporate power and authority to execute and deliver this Agreement and the Operative Documents to which it is or shall, pursuant to this Agreement, be a party, and to perform, carry out and consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Operative Documents to which TravCorps is or shall, pursuant to this Agreement, be a party have been duly and validly authorized by all necessary corporate action on the part of TravCorps. This Agreement and the Operative Documents to which TravCorps is, or will be a party, has been, or will be, duly executed and delivered by TravCorps and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitute the legal, valid and binding obligations of TravCorps.

(c) Except as set forth in Schedule 3.2(c) of the TravCorps Disclosure Schedule, neither the execution and delivery of this Agreement or any Operative Document by any of the TC Stockholders nor the consummation of any of the transactions contemplated herein or therein, nor the full performance by each of the TC Stockholders of their obligations hereunder or thereunder do or will: (i) if applicable, violate any provision of the limited partnership agreement of such TC Stockholder; (ii) conflict with, result in a breach or violation of, or constitute a default under (or an event which, with or without notice, lapse of time or both, would constitute a default) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or commitment to which any of the TC Stockholders is a party or by which any of the TC Stockholders (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or give any third party the right to create, any Encumbrance upon any assets or Properties of any TC Stockholder; (iv) conflict with, violate, result in a breach of or constitute a default under any writ, injunction, statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity to which any TC Stockholder or any assets or Properties of any TC Stockholder are subject; (v) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any contract or agreement to which any TC Stockholder is a party or by which any of the TC Stockholders (or any of their respective assets or Properties) is subject or bound which in the case of clauses (ii) through (v) would reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or on the ability of such TC Stockholder to perform its obligations hereunder.

(d) Except as set forth in Schedule 3.2(d) of the TravCorps Disclosure Schedule, neither the execution and delivery of this Agreement or any Operative Document by TravCorps nor the consummation of any of the transactions contemplated herein or therein, nor the full performance by TravCorps of its obligations hereunder or thereunder do or will:

(i) violate any provision of the certificate of incorporation or bylaws of TravCorps or any of its Subsidiaries; (ii) conflict with, result in a breach or violation of, or constitute a default under (or an event which, with or without notice, lapse of time or both, would constitute a default) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or commitment to which TravCorps or any of its Subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or give any third party the right to create, any Encumbrance upon any assets or Properties of TravCorps or any of its Subsidiaries; (iv) conflict with, violate, result in a breach of or constitute a default under any writ, injunction, statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity to which TravCorps, any of its Subsidiaries or any assets or Properties of any of the foregoing are subject, (v) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any contract or agreement to which TravCorps or any of its Subsidiaries is a party or by which any of the foregoing (or any of their respective assets or Properties) is subject or bound; or (vi) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under any contract or agreement to which TravCorps or any of its Subsidiaries is a party or by which any of their respective assets or Properties is subject or bound; which, in the case of clauses (ii) through (vi), would reasonably be expected to have a TravCorps Material Adverse Effect.

3.3 Securities and Ownership; Subsidiaries. (a) The total number of shares of capital stock, and the classes and par values thereof, which TravCorps is authorized to issue, the designation, par value and number of such shares which are issued and outstanding and the identity of and number of such outstanding shares owned (of record) by each holder thereof are as set forth in Schedule 3.3(a) of the TravCorps Disclosure Schedule.

(b) TravCorps has not issued any securities in violation of any preemptive or similar rights. Except as set forth in Schedule 3.3(b) of the TravCorps Disclosure Schedule, there are no outstanding (i) securities convertible into or exchangeable for any shares of capital stock or other securities of TravCorps; (ii) subscriptions, options, "phantom" stock rights, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any party to acquire or otherwise receive from TravCorps any shares of capital stock or other securities or receive or exercise any benefits or rights similar to any rights enjoyed by or enuring to the holder of capital stock of TravCorps; (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock, convertible or exchangeable securities, or any subscriptions, options, warrants or similar rights of TravCorps or granting to any Person any right to participate in the equity or income of TravCorps or to participate in or direct the election of any director or officer of TravCorps or the manner in which any shares of TravCorps' capital stock are voted. There are no shares of stock or other securities of TravCorps reserved for issuance for any purpose, other than pursuant to option plans described on Schedule 3.3(b) .

(c) All of the outstanding shares of capital stock of TravCorps are duly authorized, validly issued, fully paid and nonassessable.

(d) Schedule 3.3(d) of the TravCorps Disclosure Schedule sets forth the names of each Subsidiary of TravCorps and shows for each Subsidiary of TravCorps: (i) its jurisdiction of organization; (ii) the authorized and outstanding capital stock or other ownership interests of each Subsidiary of TravCorps; and (iii) the identity of and number of shares of such capital stock owned (of record and beneficially) by each holder thereof.

(e) Each Subsidiary of TravCorps is duly organized, validly existing and in good standing in the state of its organization, with full corporate power and authority to own, lease and operate its assets and Properties and carry on its business as presently owned or con-

ducted. Each Subsidiary of TravCorps is licensed or qualified to transact business and is in good standing as a foreign corporation in each of the jurisdictions indicated in Schedule 3.3(e) of the TravCorps Disclosure Schedule, which are the only jurisdictions in which the ownership, use or leasing of its assets or Properties, or the conduct or nature of its business makes such licensing or qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a TravCorps Material Adverse Effect.

(f) All shares of capital stock of each Subsidiary of TravCorps issued and outstanding are duly authorized, validly issued, fully paid and nonassessable.

(g) Except as set forth in Schedule 3.3(g) of the TravCorps Disclosure Schedule, there are no outstanding (i) securities convertible into or exchangeable for any shares of capital stock or other securities of any Subsidiary of TravCorps; (ii) subscriptions, options, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any party to acquire or otherwise receive from any Subsidiary of TravCorps any shares of capital stock or other securities; (iii) contracts, preemptive rights, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock, convertible or exchangeable securities, or any subscriptions, options, warrants or similar rights of any Subsidiary of TravCorps; or (iv) rights of any Person to be paid as if he, she or it were a holder of equity interests in any Subsidiary of TravCorps or securities convertible into or exchangeable for equity interests in any Subsidiary of TravCorps, including, without limitation, phantom stock and stock appreciation rights. Except as set forth in Schedule 3.3(g) of the TravCorps Disclosure Schedule, there are no shares of stock or other securities of any Subsidiary of TravCorps reserved for issuance for any purpose and no Subsidiary of TravCorps is a party to any voting agreements, voting trusts, proxies or other agreements, instruments or understandings with respect to the voting of any shares of the capital stock of such Subsidiary, or any agreement with respect to the transferability, purchase or redemption of any shares of capital stock of such Subsidiary.

(h) Except for the Subsidiaries of TravCorps set forth on Schedule 3.3(d) of the TravCorps Disclosure Schedule, and as set forth in Schedule 3.3(h) of the TravCorps Disclosure Schedule, TravCorps does not own, Directly or Indirectly, any economic, voting or other ownership interest in any Person.

3.4 TravCorps Financial Statements. TravCorps has heretofore delivered to CCS true and correct copies of the TravCorps Financial Statements. The TravCorps Financial Statements have been prepared from the books and records of TravCorps and its Subsidiaries, and present fairly (i) the consolidated unaudited financial position of TravCorps and its Subsidiaries at the date thereof and (ii) the consolidated unaudited results of operations of TravCorps and its Subsidiaries for the period then ended, in each case in accordance with GAAP (subject to normal year-end adjustments and except for the absence of footnotes).

3.5 Interests of Related Persons. Except as set forth in Schedule 3.5 of the TravCorps Disclosure Schedule, no officer or director of TravCorps or any of its Subsidiaries and none of the TC Stockholders nor any relative of any of the TC Stockholders that is an individual:

(i) owns any interest in any Person which is a competitor, supplier or customer of TravCorps or any of its Subsidiaries or serves as an officer, director, employee or consultant for any such Person;

(ii) owns, in whole or in part, any Property, asset or right, used in connection with the business of TravCorps or any of its Subsidiaries;

(iii) has an interest in any contract or agreement with TravCorps or any of its Subsidiaries; or

(iv) has any contractual arrangements with TravCorps or any of its Subsidiaries.

3.6 Absence of Undisclosed Liabilities. Except as set forth in Schedule 3.6 of the TravCorps Disclosure Schedule, neither TravCorps nor any of its Subsidiaries has any material liabilities, losses or obligations of any nature (whether absolute, known or unknown, accrued, fixed, contingent, liquidated, unliquidated, due or to become due, or otherwise), except for (i) liabilities included or reflected in the TravCorps Financial Statements and adequately reflected or reserved against therein, or (ii) liabilities or performance obligations arising in the ordinary course of business (and not as a result of a breach or default by TravCorps or any of its Subsidiaries). Neither TravCorps nor any of its Subsidiaries nor any TC Stockholder knows of any basis for the assertion against TravCorps of any such material liability.

3.7 Absence of Certain Changes or Events. Except as set forth in Schedule 3.7 of the TravCorps Disclosure Schedule, since the Balance Sheet Date the business of TravCorps and its Subsidiaries has been conducted only in the ordinary and usual course. Without limiting the generality of the foregoing, except as set forth in Schedule 3.7 of the TravCorps Disclosure Schedule, since the Balance Sheet Date neither TravCorps nor any of its Subsidiaries has:

(a) suffered any TravCorps Material Adverse Effect;

(b) suffered any material damage, destruction or casualty loss (whether or not covered by insurance) or condemnation taking or other proceeding which would reasonably be expected to have a TravCorps Material Adverse Effect;

(c) except for increases in salary in the ordinary course of business, entered into or amended any employment or consulting contract or commitment (whether oral or written) or compensation arrangement or employee benefit plan, or changed or committed to change (including any change pursuant to any bonus, pension, profit-sharing or other plan, commitment, policy or arrangement) the compensation payable or to become payable to any of its officers, directors, key employees, agents or consultants, or made any pension, retirement, profit-sharing,

bonus or other employee welfare or benefit payment or contribution other than payments or contributions required by the governing documents of the foregoing, copies of which have been delivered or made available to CCS;

(d) made or proposed any change in its accounting or tax methods, principles or practices, except for such changes which are required by GAAP or by law;

(e) authorized, declared, set aside or paid any dividend or other distribution in respect of its capital stock;

(f) Directly or Indirectly redeemed, purchased or otherwise acquired any of its shares of capital stock or authorized any stock split, reclassification or recapitalization or otherwise changed the terms or provisions of any of its capital stock;

(g) incurred any material Indebtedness or made any loan, advance or capital contribution to any person except in the ordinary course of business;

(h) paid, discharged or satisfied any material claim, liability or obligation other than the payment, discharge or satisfaction of liabilities and obligations incurred in the ordinary course of business;

(i) (i) prepaid any material obligation having a fixed maturity of more than 90 days from the date such obligation was issued or incurred, or (ii) not paid, within a reasonable date of when due, any account payable, or sought the extension of the payment date of any such account payable;

(j) permitted or allowed any material portion of its Property or assets to be subjected to any Encumbrance, except for liens for current Taxes not yet due;

(k) sold, transferred, or otherwise disposed of any material portion of its Properties or assets, except in the ordinary course of business;

(l) made any capital expenditures or commitments in excess of $200,000 in the aggregate for repairs or additions to property, plant, equipment or tangible capital assets; or

(m) agreed, whether in writing or otherwise, to take any action described in this Section 3.7.

3.8 Taxes.

(a) Each of TravCorps and its Subsidiaries has duly, timely and properly filed when due, all federal, state, local, foreign and other Tax Returns required to be filed by it with respect to its sales, income, business or operations (including without limitation any consolidated or combined Tax Returns in which it is included) and such Tax Returns are true, complete and accurate in all material respects. Except as may otherwise have been communicated to CCS prior to the date hereof in a writing referring to this Section, each of TravCorps and its Subsidiaries has duly paid all Taxes due from TravCorps or any of its Subsidiaries as shown on such Tax Returns.

(b) Except as set forth on Schedule 3.8(b), all amounts required to be withheld by TravCorps or any of its Subsidiaries from customers or from or on behalf of employees for income, payroll, social security and unemployment insurance taxes have been collected or withheld and either paid to the appropriate Governmental Entity or set aside and, to the extent required by law, held in accounts for such purpose.

(c) Except as set forth in Schedule 3.8(c) of the TravCorps Disclosure Schedule, (i) there currently are no pending or, to the knowledge of TravCorps or any of its Subsidiaries, threatened actions or proceedings (including, without limitation, audit proceedings) by any applicable taxing authority for the assessment, collection, adjustment or deficiency of Taxes against TravCorps or any of its Subsidiaries, and (ii) neither TravCorps nor any of its Subsidiaries has received any notice of deficiency or assessment from any federal, state, local or

foreign taxing authority with respect to liabilities for any material Taxes of TravCorps or any of its Subsidiaries. Except as set forth in Schedule 3.8(c) of the TravCorps Disclosure Schedule, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any assessment or audit of any Tax or Tax Return of TravCorps or any of its Subsidiaries for any period.

(d) To the knowledge of TravCorps, there is no existing fact or circumstance that will cause the Merger to fail to qualify as a "reorganization" within the meaning of Section 368 of the Code.

3.9 Assets.

(a) Each of TravCorps and its Subsidiaries has good title to all the material items of personal property assets (tangible and intangible) which TravCorps or any of its Subsidiaries purports to own on the date hereof, including without limitation, those reflected in the TravCorps Financial Statements at the Balance Sheet Date, free and clear of all Encumbrances, except for (i) liens for current Taxes not yet due and payable; (ii) Encumbrances set forth in Schedule 3.9(a) of the TravCorps Disclosure Schedule or reflected on the TravCorps Financial Statements; and (iii) Encumbrances which do not materially detract from the value or materially interfere with any present use of such assets (clauses (i) through (iii) collectively, the "TravCorps Permitted Encumbrances").

(b) Schedule 3.9(b) of the TravCorps Disclosure Schedule contains a complete and correct list of all Real Property owned by TravCorps and each of its Subsidiaries as well as a list of any contracts or options to acquire any Real Property. Each of TravCorps and its Subsidiaries has good and marketable title to all such owned Real Property, free and clear of all Encumbrances except for TravCorps Permitted Encumbrances.

(c) Schedule 3.9(c) of the TravCorps Disclosure Schedule contains a complete and correct list of all material items of personal property and all Real Property leased by TravCorps and each of its Subsidiaries except for Real Property leased in the ordinary course of business for temporary housing of employees. TravCorps has previously delivered or made available to CCS true, complete and correct copies of all lease documents relating to such property. All lease documents are valid, binding and enforceable in accordance with their terms and are in full force and effect. No event has occurred which constitutes or, with the passing of time or giving of notice, or both, would constitute, a material default by TravCorps under any such lease document.

3.10 Intellectual Property.

(a) Except as disclosed in Schedule 3.10(a) of the TravCorps Disclosure Schedule, each of TravCorps and its Subsidiaries is the exclusive owner of all right, title and interest in and to each of the following that are being used in the business of TravCorps or any of its Subsidiaries as currently conducted, and/or have been or are being developed or acquired for potential use in the business of TravCorps or any of its Subsidiaries:

(i) all material computer programs and databases and their associated system and user documentation (collectively, the "Software Products") set forth in Schedule 3.10(a)(i) of the TravCorps Disclosure Schedule;

(ii) all material copyrights and copyright registrations set forth in Schedule 3.10(a)(ii) of the TravCorps Disclosure Schedule;

(iii) all material patents and applications set forth in Schedule 3.10(a)(iii) of the TravCorps Disclosure Schedule;

(iv) all material trademarks, service marks and tradenames (collectively the "Marks"), and the registrations of, and/or applications to register, any one or more of Marks

in federal, state or foreign jurisdictions set forth in Schedule 3.10(a)(iv) of the TravCorps Disclosure Schedule; and

(v) all material Trade Secrets and other proprietary rights.

The items referred to in subparagraphs (i) through (v) of this Section 3.10(a), subject to the exclusions to ownership expressly set forth therein, are herein referred to collectively as the "TravCorps Intellectual Property Rights." The TravCorps Intellectual Property Rights constitute all such rights necessary to operate the business of TravCorps and its Subsidiaries in all material respects as it is currently conducted.

(b) Schedule 3.10(b) of the TravCorps Disclosure Schedule sets forth a list of all material license and similar agreements between TravCorps any of its Subsidiaries and third parties, under which TravCorps or any of its Subsidiaries is granted rights to the use, reproduction, distribution, manufacture, sale or licensing of items embodying the patent, copyright, Trade Secret, trademark or other proprietary rights of such third parties (collectively, the "TravCorps License Rights"). Except as set forth in Schedule 3.10(b) of the TravCorps Disclosure Schedule, no Person is entitled to any material royalty, fee and/or other payment or other consideration of whatever nature with respect to the TravCorps License Rights or TravCorps Intellectual Property Rights. The TravCorps License Rights and the TravCorps Intellectual Property Rights are sometimes collectively referred to as the "TravCorps Rights".

(c) Schedule 3.10(c) of the TravCorps Disclosure Schedule sets forth a list of all agreements under which TravCorps, any of its Subsidiaries, any TC Stockholder or any of their respective Affiliates has granted any material rights to third parties of, to or under the TravCorps Rights. All such rights granted have been and are non-exclusive. True, correct and complete copies of all such agreements have been delivered or made available to CCS.

(d) No material claims with respect to the TravCorps Rights have been asserted or, to the knowledge of TravCorps or any of its Subsidiaries, are threatened by any Person. To the knowledge of TravCorps or any of its Subsidiaries, as of the date hereof, there has not been and there is not any material infringement, misappropriation or any other unauthorized use of any of the TravCorps Rights by any third party, employee, consultant or former employee or consultant of TravCorps or any of its Subsidiaries.

(e) Whenever used in this Agreement: (i) "TravCorps Computer Systems" means all the computer systems of TravCorps and its Subsidiaries including, without limitation, all mainframes, PC's and other work stations, peripherals and other components, and the Software Products; (ii) "TravCorps Licensed Software Products" means any software products licensed by third parties to TravCorps or its Subsidiaries, including, without limitation, the software products disclosed on Schedule 3.10(a)(i) or Schedule 3.10(b); (iii) "TravCorps Licensed Computer Systems" means all mainframes, PC's and other work stations, peripherals and other components, and the TravCorps Licensed Software Products; and (iv) "TravCorps Comprehensive Computer Systems" collectively refers to the TravCorps Computer Systems and TravCorps Licensed Computer Systems.

(f) Except as disclosed in Schedule 3.10(f) of the TravCorps Disclosure Schedule or as will not, individually or in the aggregate, have a TravCorps Material Adverse Effect, the TravCorps Comprehensive Computer Systems: (i) are capable of recognizing, processing, managing, representing, interpreting, and manipulating correctly date-related data for dates earlier and later than January 1, 2000, including, without limitation, calculating, comparing, sorting (including without limitation, sorting by accurate ascending or descending sequence), storing, tagging, and sequencing, without resulting in or causing local or mathematical errors or inconsistencies in any user-interface functionalities, data storage, data fields, calculations, reports, processing, or any other input or output; (ii) have the ability to provide date recognition for any data element represented without a date, or whose year is

represented by only two digits and the ability to automatically function into and beyond the year 2000 without human intervention; (iii) correctly interpret data, dates and time into and beyond the year 2000, including, without limitation, any and all leap years; (iv) have the ability not to produce noncompliance in existing information, nor otherwise corrupt such data; and (v) have the ability to successfully interface with internal and external applications or systems that have not yet achieved year 2000 compliance during the time in which the systems and such applications and systems co-exist.

3.11 Accounts Receivable. Except as set forth in Schedule 3.11 of the TravCorps Disclosure Schedule, all of the accounts, notes and other receivables of TravCorps and its Subsidiaries (i) reflected on the TravCorps Financial Statements as of the Balance Sheet Date and (ii) as of the date hereof, represent sales actually made in the ordinary course of business consistent with past practice for goods or services delivered or rendered in bona fide arm's-length transactions.

3.12 Contracts and Commitments. Except as set forth in Schedule 3.12 of the TravCorps Disclosure Schedule:

(a) Neither TravCorps nor any of its Subsidiaries has any agreements, contracts, or commitments, written or oral, which involve (i) the performance of services by TravCorps or its Subsidiaries in excess of $150,000 anticipated for fiscal year 1999 or (ii) the performance of services or delivery of goods to TravCorps or its Subsidiaries in excess of $150,000 anticipated for fiscal year 1999;

(b) Neither TravCorps nor any of its Subsidiaries has any collective bargaining or union contracts or agreements;

(c) Neither TravCorps nor any of its Subsidiaries is restricted by any agreement or other commitment from carrying on its business as currently conducted anywhere in the world;

(d) Neither TravCorps nor any of its Subsidiaries has any material obligations for Indebtedness;

(e) Neither TravCorps nor any of its Subsidiaries is a party to any partnership or joint venture agreement whether or not a separate legal entity is created thereby or any contract or agreement relating to the acquisition or disposition of any portion of its business;

(f) Neither TravCorps nor any of its Subsidiaries is in material breach or default, under any contract referred to in Schedule 3.12, and there exists no event or condition (other than the entering into of this Agreement and the consummation of the transactions contemplated hereby) which (whether with or without notice, lapse of time, or both) would constitute a material default by TravCorps or any Subsidiary thereunder, give rise to a right to accelerate, modify or terminate any material provision thereof or give rise to any material Encumbrance on their respective material Properties or assets or a right to any material, additional or guaranteed payments; and to the knowledge of TravCorps or any of its Subsidiaries, no other party to any such contract or agreement is in material breach or default thereof;

(g) each contract and agreement referred to in Schedule 3.12 and each contract and agreement relating to a TravCorps License Right is valid and in full force and effect and constitutes a legal, valid and binding obligation of TravCorps or any of its Subsidiaries, and, to the knowledge of TravCorps or any of its Subsidiaries, the other parties thereto, enforceable in accordance with its terms, accurate and complete copies thereof, together with all amendments thereto, have been heretofore delivered or made available to CCS.

3.13 Customers and Suppliers.

(a) Schedule 3.13(a) of the TravCorps Disclosure Schedule contains a true and complete list of the ten largest customers of TravCorps and its Subsidiaries in order of dollar volume of sales during the period from July 26, 1998 through the Balance Sheet Date showing the total sales in dollars to each such customer during such period.

(b) Except as set forth on Schedule 3.13(b) of the TravCorps Disclosure Schedule, neither TravCorps nor any of its Subsidiaries is engaged in any material disputes with any material customers or suppliers. In addition, neither TravCorps nor any of its Subsidiaries has any knowledge that any material customer or group of customers of TravCorps or any of its Subsidiaries is materially dissatisfied with its services.

3.14 Inventory. Except as set forth in Schedule 3.14 of the TravCorps Disclosure Schedule neither TravCorps or any of its Subsidiaries maintains any material inventory.

3.15 Insurance. True and complete copies of all insurance policies or summaries of such policies (including, but not limited to, liability, property and casualty, workers compensation, directors and officers liability, surety bonds, key man or corporate owned life insurance, vehicular and other insurance policies and contracts) covering TravCorps or any of its Subsidiaries or otherwise held by or on behalf of it, or any aspect of its assets or business have been delivered or made available to CCS. Except as set forth on Schedule 3.15, there are no pending material claims under any of the foregoing. To the knowledge of TravCorps or any of its Subsidiaries, no party to any such insurance policy is in material default with respect thereto, nor does any condition exist (other than the transactions contemplated by this Agreement) that with notice or lapse of time or both would constitute such a material default by any party thereunder. All such insurance policies are sufficient in all material respects for

compliance with all requirements under all material agreements or contracts to which TravCorps or any of its Subsidiaries is a party or otherwise bound.

3.16 Litigation, etc. Except as set forth in Schedule 3.16 of the TravCorps Disclosure Schedule, there is no material claim, action, suit or proceeding that is pending or, to TravCorps' knowledge, threatened on the date hereof and to the knowledge of TravCorps there is no inquiry or investigation pending on the date hereof, of any kind or nature whatsoever, by or before any court or Governmental Entity against TravCorps or any of its Subsidiaries, or which questions or challenges the validity of this Agreement or any action taken or to be taken by any TC Stockholder pursuant to this Agreement or in connection with the transactions contemplated hereby; and, to the knowledge of TravCorps or any of its Subsidiaries, there is no valid basis for any such material claim, action, suit, inquiry, proceeding or investigation. Neither TravCorps nor any of its Subsidiaries is subject to any material judgment, order or decree.

3.17 Compliance with Law; Necessary Authorizations; Securities Matters.

(a) Each of TravCorps and its Subsidiaries is duly complying and has duly complied, in all material respects, in respect of its business, operations and Properties, with all applicable laws, rules, regulations, orders, building and other codes, zoning and other ordinances, Permits, authorizations, judgments and decrees of all Governmental Entities.

(b) Except as set forth in Schedule 3.17(b), each of TravCorps and its Sub sidiaries has duly obtained all material Permits and Consents necessary for the conduct of its business; each of the foregoing is set forth in Schedule 3.17(b) of the TravCorps Disclosure Schedule and is in full force and effect; each of TravCorps and its Subsidiaries is in compliance with all material terms of all the foregoing; there are no material proceedings pending or, to the knowledge of TravCorps or any of its Subsidiaries, threatened which are reasonably likely to result in the revocation, cancellation, suspension or modification thereof, and neither TravCorps nor any of its Subsidiaries has any knowledge of any basis therefor; and the consummation of the

transactions contemplated hereby will not result in any such revocation, cancellation, suspension or modification nor require TravCorps or any of its Subsidiaries or CCS to make any filing or take any action in order to maintain the validity of any item listed on Schedule 3.17(b).

(c) Each person or entity employed or engaged by TravCorps or any of its Subsidiaries to provide services on behalf of TravCorps or any of its Subsidiaries ("Licensed Service Provider") has obtained (and maintains) all necessary licensure or certification to provide such services in compliance in all material respects with any applicable law.

3.18 Environmental Matters. To the knowledge of TravCorps and each of its Subsidiaries:

(a) All of the operations of TravCorps and each of its Subsidiaries comply and have at all times complied, in all material respects, with all applicable Environmental Laws, and neither TravCorps nor any of its Subsidiaries is subject to any material TravCorps Environmental Liabilities. Neither TravCorps nor any of its Subsidiaries nor any other Person, has engaged in, authorized, allowed or suffered any operations or activities upon any of the Real Property of TravCorps or its Subsidiaries for the purpose of or in any way involving the handling, manufacture, treatment, processing, storage, use, generation, release, discharge, emission, dumping or disposal of any Hazardous Substances at, on or under the Real Property of TravCorps or its Subsidiaries, except in compliance in all material respects with all applicable Environmental Laws.

(b) None of the Real Property or any assets of TravCorps or any of its Subsidiaries contain any Hazardous Substances in, on, over, under or at it in concentrations or amounts which would materially violate Environmental Laws or impose material liability or obligations on the present or former owner, manager, or operator of the Real Property under the Environmental Laws for any assessment, investigation, corrective action, remediation or monitoring of Hazardous Substances. None of such Real Property is listed or proposed for

listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601 et seq., ("CERCLA") or any similar inventory of sites requiring investigation or remediation maintained by any state. Neither TravCorps nor any of its Subsidiaries has received any notice, whether oral or written, from any Governmental Entity or third party of any actual or threatened material TravCorps Environmental Liabilities with respect to the Real Property of TravCorps or any of its Subsidiaries, any assets of TravCorps or any of its Subsidiaries or the conduct of the business of TravCorps or any of its Subsidiaries.

3.19 Labor Matters. (a) Except to the extent set forth in Schedule 3.19 of the TravCorps Disclosure Schedule:

(i) there is no labor strike, or material dispute, grievance, arbitration proceeding, slowdown or stoppage, or charge of unfair labor practice actually pending, threatened against or affecting the operation of the business of TravCorps or any of its Subsidiaries, other than routine individual grievances;

(ii) no unions or other collective bargaining units have been certified or recognized by TravCorps or any of its Subsidiaries as representing any of its employees and, to the knowledge of TravCorps, there are no existing union organizing efforts or representation questions with respect to any of the employees of TravCorps or any of its Subsidiaries.

3.20 Employee Benefit Plans. (a) Except as set forth in Schedule 3.20 of the TravCorps Disclosure Schedule, there are no Plans. With respect to each Plan, as applicable, accurate and complete (i) copies of each written Plan (including all amendments thereto), (ii) written descriptions of each oral Plan, (iii) copies of related trust or funding agreements, (iv) summary plan descriptions, (v) summaries of material modifications, (vi) copies of the most recent annual reports and actuarial valuations and (vii) copies of the most recent determination

letter from the IRS for each Plan intended to qualify under Code Section 401(a) have been heretofore delivered or made available to CCS.

(b) None of TravCorps, any of its Subsidiaries, its TravCorps ERISA Affiliates, or any of their respective predecessors has ever contributed to, contributes to, has ever been required to contribute to, or otherwise participated in or participates in or in any way, directly or indirectly, has any liability with respect to any Employee Benefit Plan which is subject to Title IV of ERISA.

(c) With respect to each of the Plans on Schedule 3.20, except as set forth on Schedule 3.20:

(i) each Plan intended to qualify under Section 401(a) of the Code has received a determination letter from the IRS to the effect that the Plan is qualified under Section 401 of the Code and any trust maintained pursuant thereto is exempt from federal income taxation under Section 501 of the Code and nothing has occurred (since the date of the determination letter) or is expected to occur through the date of the Closing (including, without limitation, the transactions contemplated by this Agreement) that caused or could cause the loss of such qualification or exemption or the imposition of any material penalty or tax liability;

(ii) all material payments required by any Plan, any agreement, or by law (including, without limitation, all contributions, insurance premiums, or intercompany charges) have been made;

(iii) no material claim, lawsuit, arbitration or other action has been threatened, asserted, instituted, or anticipated against the Plans, any trustee or fiduciaries thereof, TravCorps, any of its Subsidiaries, any TravCorps ERISA Affiliate, any director, officer, or employee thereof, or any of the assets of any trust of the Plans;

(iv) the Plan complies and has been maintained and operated in all material respects in accordance with its terms and applicable law, including, without limitation, ERISA and the Code;

(v) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA, has occurred or is expected to occur with respect to the Plan (and the consummation of the transactions contemplated by this Agreement will not constitute or directly or indirectly result in such a "prohibited transaction");

(vi) with respect to each Plan that is funded mostly or partially through an insurance policy, neither TravCorps nor any of its Subsidiaries nor any TravCorps ERISA Affiliate has any material liability in the nature of retroactive rate adjustment, loss sharing arrangement or other actual or contingent liability arising wholly or partially out of events occurring on or before the Closing.

(d) Except to the extent set forth in Schedule 3.20(d), the consummation of the transactions contemplated by this Agreement will not give rise to any material liability, including, without limitation, material liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or materially accelerate the time of payment or vesting or materially increase the amount of compensation or benefits due to any employee, director or stockholder of TravCorps or any of its Subsidiaries (whether current, former, or retired) or their beneficiaries solely by reason of such transactions. No material amounts payable under any Plan will fail to be deductible for federal income tax purposes by virtue of Sections 280G or 162(m) of the Code.

(e) Neither TravCorps, any of its Subsidiaries nor any TravCorps ERISA Affiliate maintains, contributes to, or in any way provides for any benefits of any kind whatsoever (other than under Section 4980B of the Code, the Federal Social Security Act, or a plan qualified under Section 401(a) of the Code) to any current or future retiree or terminee.

(f) Neither TravCorps, any of its Subsidiaries nor any TravCorps ERISA Affiliate, or any officer or employee thereof, has made any promises or commitments, whether legally binding or not, to create any material additional plan, agreement, or arrangement, or to materially modify or change any existing Plan.

3.21 Questionable Payments. Neither the TC Stockholders nor any director, officer, agent, employee, or any other Person acting on behalf of the TC Stockholders, or TravCorps or any of its Subsidiaries, has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses; made any unlawful payment to government officials or employees or to political parties or campaigns; established or maintained any unlawful fund of corporate monies or other assets; made or received any bribe, or any unlawful rebate, payoff, influence payment, kickback or other payment; given any favor or gift which is not deductible for federal income tax purposes; or made any bribe, kickback, or other payment of a similar or comparable nature, to any governmental or non-governmental Person, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business or for special concessions secured.

3.22 Finders. No TC Stockholder and none of TravCorps' or its Subsidiaries' directors or officers, have taken any action that, directly or indirectly, would obligate CCS, TravCorps or any of its Subsidiaries, to anyone acting as broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

ARTICLE IV

REPRESENTATIONS AND

WARRANTIES OF THE CCS STOCKHOLDERS

Each of the CCS Stockholders, on a basis that is several and not joint, hereby represents and warrants to TravCorps and the TC Stockholders as follows (all such representations and warranties are qualified by the CCS Disclosure Schedule attached to this Agreement as Exhibit IV):

4.1 Organization and Qualification. CCS is a corporation duly organized, validly existing and in good standing in the State of Delaware, with corporate power and authority to own, lease and operate its assets and Properties and carry on its business as presently owned or conducted. CCS is licensed or qualified to transact business and is in good standing as a foreign corporation in each jurisdiction in which the ownership, use or leasing of its assets or Properties, or the conduct or nature of its business makes such licensing or qualification necessary and in which the failure to be so licensed or qualified and in good standing would reasonably be expected to have a CCS Material Adverse Effect. Each such jurisdiction is set forth in Schedule 4.1 of the CCS Disclosure Schedule. The name of each director and officer of CCS on the date hereof, and the position held by each such individual with CCS, is set forth on Schedule 4.1 of the CCS Disclosure Schedule. The copies of the certificate of incorporation, including all amendments thereto, and by-laws of CCS delivered to TravCorps prior to the date hereof are complete and accurate copies of such instruments as currently in effect. Since the date of its incorporation, Merger Subsidiary has not engaged in any activities other than in connection with or as contemplated by this Agreement.

4.2 Authority; No Breach. (a) Each of the CCS Stockholders has all requisite power and authority to execute and deliver this Agreement and the Operative Documents to which it is or shall, pursuant to this Agreement, be a party, and to perform, carry out and consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Operative Documents to which he or it is or shall, pursuant to this Agreement, be a party have been duly and validly authorized by all necessary limited partnership or other action on the part of such CCS Stockholder. This Agreement and the

Operative Documents to which he or it is, or will be a party, have been, or will be, duly executed and delivered by such CCS Stockholder and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitute the legal, valid and binding obligations of such CCS Stockholder.

(b) CCS has all requisite corporate power and authority to execute and deliver this Agreement and the Operative Documents to which it is or shall, pursuant to this Agreement, be a party, and to perform, carry out and consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Operative Documents to which CCS is or shall, pursuant to this Agreement, be a party have been duly and validly authorized by all necessary corporate action on the part of CCS. This Agreement and the Operative Documents to which CCS is, or will be a party, has been, or will be, duly executed and delivered by CCS and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitutes the legal, valid and binding obligation of CCS.

(c) Except as set forth in Schedule 4.2(c) of the CCS Disclosure Schedule, neither the execution and delivery of this Agreement or any Operative Document by any of the CCS Stockholders nor the consummation of any of the transactions contemplated herein or therein, nor the full performance by each of the CCS Stockholders of their obligations hereunder or thereunder do or will: (i) if applicable, violate any provision of the limited partnership agreement of such CCS Stockholder; (ii) conflict with, result in a breach or violation of, or constitute a default under (or an event which, with or without notice, lapse of time or both, would constitute a default) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or commitment to which any of the CCS Stockholders is a party or by which any of the CCS Stockholders (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or give any third party the right to create, any Encumbrance upon any assets or Properties of any CCS Stockholder; (iv) conflict with, violate, result in a breach of

or constitute a default under any writ, injunction, statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity to which any CCS Stockholder or any assets or Properties of any CCS Stockholder are subject; (v) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any contract or agreement to which any CCS Stockholder is a party or by which any of the CCS Stockholders (or any of their respective assets or Properties) is subject or bound; which in the case of clauses (ii) through (v) would reasonably be expected to have a material adverse effect on the validity or enforceability of this Agreement or on the ability of such CCS Stockholder to perform its obligations hereunder.

(d) Except as set forth in Schedule 4.2(d) of the CCS Disclosure Schedule, neither the execution and delivery of this Agreement or any Operative Document by CCS nor the consummation of any of the transactions contemplated herein or therein, nor the full performance by CCS of its obligations hereunder or thereunder do or will: (i) violate any provision of the certificate of incorporation or bylaws of CCS or any of its Subsidiaries; (ii) conflict with, result in a breach or violation of, or constitute a default under (or an event which, with or without notice, lapse of time or both, would constitute a default) or result in the invalidity of, or accelerate the performance required by or cause or give rise to any right of acceleration or termination of any right or obligation pursuant to any agreement or commitment to which CCS or any of its Subsidiaries is a party or by which any of them (or any of their respective assets or Properties) is subject or bound; (iii) result in the creation of, or give any third party the right to create, any Encumbrance upon any assets or Properties of CCS or any of its Subsidiaries; (iv) conflict with, violate, result in a breach of or constitute a default under any writ, injunction, statute, law, ordinance, rule, regulation, judgment, award, Permit, decree, order, or process of any Governmental Entity to which CCS, any of its Subsidiaries or any assets or Properties of any of the foregoing are subject, (v) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any contract or agreement to which CCS or any of its

Subsidiaries is a party or by which any of the foregoing (or any of their respective assets or Properties) is subject or bound; or (vi) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under any contract or agreement to which CCS or any of its Subsidiaries is a party or by which any of their respective assets or Properties is subject or bound; which, in the case of clauses (ii) through (vi), would reasonably be expected to have a CCS Material Adverse Effect.

4.3 Securities and Ownership; Subsidiaries. (a) The total number of shares of capital stock, and the classes and par values thereof, which CCS is authorized to issue, the designation, par value and number of such shares which are issued and outstanding and the identity of and number of such outstanding shares owned (of record) by each holder thereof are as set forth in Schedule 4.3(a) of the CCS Disclosure Schedule.

(b) CCS has not issued any securities in violation of any preemptive or similar rights. Except as set forth in Schedule 4.3(b) of the CCS Disclosure Schedule, there are no outstanding (i) securities convertible into or exchangeable for any shares of capital stock or other securities of CCS; (ii) subscriptions, options, "phantom" stock rights, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any party to acquire or otherwise receive from CCS any shares of capital stock or other securities or receive or exercise any benefits or rights similar to any rights enjoyed by or enuring to the holder of capital stock of CCS; (iii) contracts, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock, convertible or exchangeable securities, or any subscriptions, options, warrants or similar rights of CCS or granting to any Person any right to participate in the equity or income of CCS or to participate in or direct the election of any director or officer of CCS or the manner in which any shares of CCS's capital stock are voted. There are no shares of stock or other securities of CCS reserved for issuance for any purpose other than pursuant to option plans described in Schedule 4.3(b).

(c) All of the outstanding shares of CCS Common Stock are duly authorized, validly issued, fully paid and nonassessable.

(d) Schedule 4.3(d) of the CCS Disclosure Schedule sets forth the names of each Subsidiary of CCS and shows for each Subsidiary of CCS: (i) its jurisdiction of organization; (ii) the authorized and outstanding capital stock or other ownership interests of each Subsidiary of CCS; and (iii) the identity of and number of shares of such capital stock owned (of record and beneficially) by each holder thereof.

(e) Each Subsidiary of CCS is duly organized, validly existing and in good standing in the state of its organization, with full corporate power and authority to own, lease and operate its assets and Properties and carry on its business as presently owned or conducted. Each Subsidiary of CCS is licensed or qualified to transact business and is in good standing as a foreign corporation in each of the jurisdictions indicated in Schedule 4.3(e) of the CCS Disclosure Schedule, which are the only jurisdictions in which the ownership, use or leasing of its assets or Properties, or the conduct or nature of its business makes such licensing or qualification necessary, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a CCS Material Adverse Effect.

(f) All shares of capital stock of each Subsidiary of CCS issued and outstanding are duly authorized, validly issued, fully paid and nonassessable.

(g) Except as set forth in Schedule 4.3(g) of the CCS Disclosure Schedule, there are no outstanding (i) securities convertible into or exchangeable for any shares of capital stock or other securities of any Subsidiary of CCS; (ii) subscriptions, options, warrants, calls, commitments, preemptive rights or other rights of any kind (absolute, contingent or otherwise) entitling any party to acquire or otherwise receive from any Subsidiary of CCS any shares of capital stock or other securities; (iii) contracts, preemptive rights, commitments, agreements, understandings or arrangements of any kind relating to the issuance of any capital stock,

convertible or exchangeable securities, or any subscriptions, options, warrants or similar rights of any Subsidiary of CCS; or (iv) rights of any Person to be paid as if he, she or it were a holder of equity interests in any Subsidiary of CCS or securities convertible into or exchangeable for equity interests in any Subsidiary of CCS, including, without limitation, phantom stock and stock appreciation rights. Except as set forth in Schedule 4.3(g) of the CCS Disclosure Schedule, there are no shares of stock or other securities of any Subsidiary of CCS reserved for issuance for any purpose and no Subsidiary of CCS is a party to any voting agreements, voting trusts, proxies or other agreements, instruments or understandings with respect to the voting of any shares of the capital stock of such Subsidiary, or any agreement with respect to the transferability, purchase or redemption of any shares of capital stock of such Subsidiary.

(h) Except for the Subsidiaries of CCS set forth in Schedule 4.3(d) of the CCS Disclosure Schedule, and as set forth in Schedule 4.3(h) of the CCS Disclosure Schedule, CCS does not own, Directly or Indirectly, any economic, voting or other ownership interest in any Person.

4.4 CCS Financial Statements. CCS has heretofore delivered to TravCorps true and correct copies of the CCS Financial Statements. The CCS Financial Statements have been prepared from the books and records of CCS and Cross Country Staffing, its predecessor entity, and present fairly (i) the consolidated unaudited financial position of CCS and its Subsidiary at the date thereof and (ii) the pro-forma consolidated unaudited results of operations of CCS and its predecessor for the period then ended, in each case in accordance with GAAP (subject to normal year-end adjustments and except for the absence of footnotes).

4.5 Interests of Related Persons. Except as set forth in Schedule 4.5 of the CCS Disclosure Schedule, no officer or director of TravCorps or any of its Subsidiaries and none of the CCS Stockholders nor any relative of any of the CCS Stockholders that is an individual:

(i) owns any interest in any Person which is a competitor, supplier or customer of CCS or any of its Subsidiaries or serves as an officer, director, employee or consultant for any such Person;

(ii) owns, in whole or in part, any Property, asset or right, used in connection with the business of CCS or any of its Subsidiaries;

(iii) has an interest in any contract or agreement with CCS or any of its Subsidiaries; or

(iv) has any contractual arrangements with CCS or any of its Subsidiaries.

4.6 Absence of Undisclosed Liabilities. Except as set forth in Schedule 4.6 of the CCS Disclosure Schedule, neither CCS nor any of its Subsidiaries has any material liabilities, losses or obligations of any nature (whether absolute, known or unknown, accrued, fixed, contingent, liquidated, unliquidated, due or to become due, or otherwise), except for (i) liabilities included or reflected in the CCS Financial Statements and adequately reflected or reserved against therein, or (ii) liabilities or performance obligations arising in the ordinary course of business (and not as a result of a breach or default by CCS or any of its Subsidiaries). Neither CCS nor any of its Subsidiaries nor any CCS Stockholder knows of any basis for the assertion against CCS of any such material liability.

4.7 Absence of Certain Changes or Events. Except as set forth in Schedule 4.7 of the CCS Disclosure Schedule, since the Balance Sheet Date the business of CCS and its Subsidiaries has been conducted only in the ordinary and usual course. Without limiting the generality of the foregoing, except as set forth in Schedule 4.7 of the CCS Disclosure Schedule, since the Balance Sheet Date neither CCS nor any of its Subsidiaries has:

(a) suffered any CCS Material Adverse Effect;

(b) suffered any material damage, destruction or casualty loss (whether or not covered by insurance) or condemnation taking or other proceeding which would reasonably be expected to have a CCS Material Adverse Effect;

(c) except for increases in salary in the ordinary course of business, entered into or amended any employment or consulting contract or commitment (whether oral or written) or compensation arrangement or employee benefit plan, or changed or committed to change (including any change pursuant to any bonus, pension, profit-sharing or other plan, commitment, policy or arrangement) the compensation payable or to become payable to any of its officers, directors, key employees, agents or consultants, or made any pension, retirement, profit-sharing, bonus or other employee welfare or benefit payment or contribution other than payments or contributions required by the governing documents of the foregoing, copies of which have been delivered or made available to TravCorps;

(d) made or proposed any change in its accounting or tax methods, principles or practices, except for such changes which are required by GAAP or by law;

(e) authorized, declared, set aside or paid any dividend or other distribution with respect of its capital stock;

(f) Directly or Indirectly redeemed, purchased or otherwise acquired any of its shares of capital stock or authorized any stock split, reclassification or recapitalization or otherwise changed the terms or provisions of any of its capital stock;

(g) incurred any material Indebtedness or made any loan, advance or capital contribution to any person except in the ordinary course of business;

(h) paid, discharged or satisfied any material claim, liability or obligation other than the payment, discharge or satisfaction of liabilities and obligations incurred in the ordinary course of business;

(i) (i) prepaid any material obligation having a fixed maturity of more than 90 days from the date such obligation was issued or incurred, or (ii) not paid, within a reasonable date of when due, any account payable, or sought the extension of the payment date of any such account payable;

(j) permitted or allowed any material portion of its Property or assets to be subjected to any Encumbrance, except for liens for current Taxes not yet due;

(k) sold, transferred, or otherwise disposed of any material portion of its Properties or assets, except in the ordinary course of business;

(l) made any capital expenditures or commitments in excess of $200,000 in the aggregate for repairs or additions to property, plant, equipment or tangible capital assets; or

(m) agreed, whether in writing or otherwise, to take any action described in this Section 4.7.

4.8 Taxes.

(a) Each of CCS and its Subsidiaries has duly, timely and properly filed when due, all federal, state, local, foreign and other Tax Returns required to be filed by it with respect to its sales, income, business or operations (including without limitation any consolidated or combined Tax Returns in which it is included) and such Tax Returns are true, complete and accurate in all material respects. Except as may otherwise have been communicated to TravCorps prior to the date hereof in a writing referring to this Section, each of CCS and its Subsidiaries has duly paid all Taxes due from CCS or any of its Subsidiaries as shown on such Tax Returns.

(b) Except as set forth in Schedule 4.8(b), all amounts required to be withheld by CCS or any of its Subsidiaries from customers or from or on behalf of employees for income,

payroll, social security and unemployment insurance taxes have been collected or withheld and either paid to the appropriate Governmental Entity or set aside and, to the extent required by law, held in accounts for such purpose.

(c) Except as set forth in Schedule 4.8(c) of the CCS Disclosure Schedule, (i) there currently are no pending or, to the knowledge of CCS or any of its Subsidiaries, threatened actions or proceedings (including, without limitation, audit proceedings) by any applicable taxing authority for the assessment, collection, adjustment or deficiency of Taxes against CCS or any of its Subsidiaries, and (ii) neither CCS nor any of its Subsidiaries has received any notice of deficiency or assessment from any federal, state, local or foreign taxing authority with respect to liabilities for any material Taxes of CCS or any of its Subsidiaries. Except as set forth in Schedule 4.8(c) of the CCS Disclosure Schedule, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any assessment or audit of any Tax or Tax Return of CCS or any of its Subsidiaries for any period.

(d) To the knowledge of CCS and each of its Subsidiaries, there is no existing fact or circumstance that will cause the Merger to fail to qualify as a "reorganization" within the meaning of Section 368 of the Code.

(e) CCS is not liable as successor or transferee for any liability or obligation of any Grace Entity pertaining to Taxes (including, without limitation, withholding Taxes caused by or arising from any Grace Entity's practices with regard to meal and incidental expense payments, lodging allowances or in-kind lodging).

4.9 Assets.

(a) Each of CCS and its Subsidiaries has good title to all the material items of personal property assets (tangible and intangible) which CCS or any of its Subsidiaries purports to own on the date hereof, including without limitation, those reflected in the CCS Financial

Statements at the Balance Sheet Date, free and clear of all Encumbrances, except for (i) liens for current Taxes not yet due and payable; (ii) Encumbrances set forth in Schedule 4.9(a) of the CCS Disclosure Schedule or reflected on the CCS Financial Statements; and (iii) Encumbrances which do not materially detract from the value or materially interfere with any present use of such assets. Neither CCS nor any of its Subsidiaries owns any Real Property.

(b) Schedule 4.9(b) of the CCS Disclosure Schedule contains a complete and correct list of all material items of personal property and all Real Property leased by CCS and each of its Subsidiaries except for Real Property leased in the ordinary course of business for temporary housing of employees. CCS has previously delivered or made available to TravCorps true, complete and correct copies of all lease documents relating to such property. All lease documents are valid, binding and enforceable in accordance with their terms and are in full force and effect. No event has occurred which constitutes or, with the passing of time or giving of notice, or both, would constitute, a material default by CCS under any such lease document.

4.10 Intellectual Property.

(a) Except as disclosed in Schedule 4.10(a) of the CCS Disclosure Schedule, each of CCS and its Subsidiaries is the exclusive owner of all right, title and interest in and to each of the following that are being used in the business of CCS or any of its Subsidiaries as currently conducted, and/or have been or are being developed or acquired for potential use in the business of CCS or any of its Subsidiaries:

(i) all material computer programs and databases and their associated system and user documentation (collectively, the "Software Products") set forth in Schedule 4.10(a)(i) of the CCS Disclosure Schedule;

(ii) all material copyrights and copyright registrations set forth in Schedule 4.10(a)(ii) of the CCS Disclosure Schedule;

(iii) All material trademarks, service marks and trade names (collectively the "Marks"), and the registrations of, and/or applications to register, any one or more of Marks in federal, state or foreign jurisdictions set forth in Schedule 4.10(a)(iv) of the CCS Disclosure Schedule; and

(iv) all material Trade Secrets and other proprietary rights.

The items referred to in subparagraphs (i) through (iv) of this Section 4.10(a), subject to the exclusions to ownership expressly set forth therein, are herein referred to collectively as the "CCS Intellectual Property Rights." The CCS Intellectual Property Rights constitute all such rights necessary to operate the business of CCS and its Subsidiaries in all material respects as it is currently conducted.

(b) Schedule 4.10(b) of the CCS Disclosure Schedule sets forth a list of all material license and similar agreements between CCS any of its Subsidiaries and third parties, under which CCS or any of its Subsidiaries is granted rights to the use, reproduction, distribution, manufacture, sale or licensing of items embodying the copyright, Trade Secret, trademark or other proprietary rights of such third parties (collectively, the "CCS License Rights"). Except as set forth in Schedule 4.10(b) of the CCS Disclosure Schedule, no Person is entitled to any material royalty, fee and/or other payment or other consideration of whatever nature with respect to the CCS License Rights or CCS Intellectual Property Rights. The CCS License Rights and the CCS Intellectual Property Rights are sometimes collectively referred to as the "CCS Rights".

(c) Schedule 4.10(c) of the CCS Disclosure Schedule sets forth a list of all agreements under which CCS or any of its Subsidiaries or any CCS Stockholder of any of their respective Affiliates, has granted any material rights to third parties of, to or under the CCS Rights. All such rights granted have been and are non-exclusive. True, correct and complete copies of all such agreements have been delivered or made available to TravCorps.

(d) No material claims with respect to the CCS Rights have been asserted or, to the knowledge of CCS or any of its Subsidiaries, are threatened by any Person. To the knowledge of CCS or any of its Subsidiaries, as of the date hereof, there has not been and there is not any material infringement, misappropriation or any other unauthorized use of any of the CCS Rights by any third party, employee, consultant or former employee or consultant of CCS or any of its Subsidiaries.

(e) Whenever used in this Agreement: (i) "CCS Computer Systems" means all the computer systems of CCS and its Subsidiaries including, without limitation, all mainframes, PC's and other work stations, peripherals and other components, and the Software Products; (ii) "CCS Licensed Software Products" means any software products licensed by third parties to CCS or its Subsidiaries, including, without limitation, the software products disclosed on Schedule 4.10(a)(i) or Schedule 4.10(b); (iii) "CCS Licensed Computer Systems" means all mainframes, PC's and other work stations, peripherals and other components, and the CCS Licensed Software Products; and (iv) "CCS Comprehensive Computer Systems" collectively refers to the CCS Computer Systems and CCS Licensed Computer Systems.

(f) Except as disclosed in Schedule 4.10(f) of the CCS Disclosure Schedule, or as will not, individually or in the aggregate, have a CCS Material Adverse Effect, the CCS Comprehensive Computer Systems: (i) are capable of recognizing, processing, managing, representing, interpreting, and manipulating correctly date-related data for dates earlier and later than January 1, 2000, including, without limitation, calculating, comparing, sorting (including without limitation, sorting by accurate ascending or descending sequence), storing, tagging, and sequencing, without resulting in or causing local or mathematical errors or inconsistencies in any user-interface functionalities, data storage, data fields, calculations, reports, processing, or any other input or output; (ii) have the ability to provide date recognition for any data element represented without a date, or whose year is represented by only two digits and the ability to automatically function into and beyond the year 2000 without human intervention; (iii) correctly

interpret data, dates and time into and beyond the year 2000, including, without limitation, any and all leap years; (iv) have the ability not to produce noncompliance in existing information, nor otherwise corrupt such data; and (v) have the ability to successfully interface with internal and external applications or systems that have not yet achieved year 2000 compliance during the time in which the systems and such applications and systems co-exist.

4.11 Accounts Receivable. Except as set forth in Schedule 4.11 of the CCS Disclosure Schedule, all of the accounts, notes and other receivables of CCS and its Subsidiaries (i) reflected on the CCS Financial Statements as of the Balance Sheet Date and (ii) as of the date hereof, represent sales actually made in the ordinary course of business consistent with past practice for goods or services delivered or rendered in bona fide arm's-length transactions.

4.12 Contracts and Commitments. Except as set forth in Schedule 4.12 of the CCS Disclosure Schedule:

(a) Neither CCS nor any of its Subsidiaries has any agreements, contracts, or commitments, written or oral, which involve (i) the performance of services by CCS or its Subsidiaries in excess of $150,000 anticipated for fiscal year 1999 or (ii) the performance of services or delivery of goods to CCS or its Subsidiaries in excess of $150,000 anticipated for fiscal year 1999.

(b) Neither CCS nor any of its Subsidiaries has any collective bargaining or union contracts or agreements;

(c) Neither CCS nor any of its Subsidiaries is restricted by any agreement or other commitment from carrying on its business as currently conducted anywhere in the world;

(d) Neither CCS nor any of its Subsidiaries has any material obligations for Indebtedness;

(e) Neither CCS nor any of its Subsidiaries is a party to any partnership or joint venture agreement whether or not a separate legal entity is created thereby or any contract or agreement relating to the acquisition or disposition of any portion of its business;

(f) Neither CCS nor any of its Subsidiaries is in material breach or default, under any contract referred to in Schedule 4.12, and there exists no event or condition (other than the entering into of this Agreement and the consummation of the transactions contemplated thereby) which (whether with or without notice, lapse of time, or both) would constitute a material default by CCS or any Subsidiary thereunder, give rise to a right to accelerate, modify or terminate any material provision thereof or give rise to any material Encumbrance on their respective material Properties or assets or a right to any material, additional or guaranteed payments; and to the knowledge of CCS or any of its Subsidiaries, no other party to any such contract or agreement is in material breach or default thereof;

(g) each contract and agreement referred to in Schedule 4.12 and each contract and agreement relating to a CCS License Right is valid and in full force and effect and constitutes a legal, valid and binding obligation of CCS or any of its Subsidiaries, and, to the knowledge of CCS or any of its Subsidiaries, the other parties thereto, enforceable in accordance with its terms, accurate and complete copies thereof, together with all amendments thereto, have been heretofore delivered or made available to TravCorps.

4.13 Customers and Suppliers.

(a) Schedule 4.13(a) of the CCS Disclosure Schedule contains a true and complete list of the ten largest customers of CCS and its Subsidiaries in order of dollar volume of sales during the period from July 31, 1998 through the Balance Sheet Date showing the total sales in dollars to each such customer during such period.

(b) Except as set forth on Schedule 4.13(b) of the CCS Disclosure Schedule neither CCS nor any of its Subsidiaries is engaged in any material disputes with any material customers or suppliers. In addition, neither CCS nor any of its Subsidiaries has any knowledge that any material customer or group of customers of CCS or any of its Subsidiaries is materially dissatisfied with its services.

4.14 Inventory. Except as set forth in Schedule 4.14 of the CCS Disclosure Schedule, neither CCS nor any of its Subsidiaries maintains any material inventory.

4.15 Insurance. True and complete copies of all insurance policies or summaries of such policies (including, but not limited to, liability, property and casualty, workers compensation, directors and officers liability, surety bonds, key man or corporate owned life insurance, vehicular and other insurance policies and contracts) covering CCS or any of its Subsidiaries or otherwise held by or on behalf of it, or any aspect of its assets or business have been delivered or made available to TravCorps. Except as set forth on Schedule 4.15, there are no pending material claims under any of the foregoing. To the knowledge of CCS or any of its Subsidiaries, no party to any such insurance policy is in material default with respect thereto, nor does any condition exist that with notice or lapse of time or both would constitute such a material default by any party thereunder. All such insurance policies are sufficient in all material respects for compliance with all requirements under all material agreements or contracts to which CCS or any of its Subsidiaries is a party or otherwise bound.

4.16 Litigation, etc. Except as set forth in Schedule 4.16 of the CCS Disclosure Schedule, there is no material claim, action, suit, or proceeding that is pending or to CCS's knowledge, threatened on the date hereof, and to the knowledge of CCS there is no inquiry or investigation pending on the date hereof, of any kind or nature whatsoever, by or before any court or Governmental Entity against CCS or any of its Subsidiaries, or which questions or challenges the validity of this Agreement or any action taken or to be taken by CCS

or any CCS Stockholders pursuant to this Agreement or in connection with the transactions contemplated hereby; and, to the knowledge of CCS or any of its Subsidiaries, there is no valid basis for any such material claim, action, suit, inquiry, proceeding or investigation. Neither CCS nor any of its Subsidiaries is subject to any material judgment, order or decree.

4.17 Compliance with Law; Necessary Authorizations; Securities Matters.

(a) Each of CCS and its Subsidiaries is duly complying and has duly complied, in all material respects, in respect of its business, operations and Properties, with all applicable laws, rules, regulations, orders, building and other codes, zoning and other ordinances, Permits, authorizations, judgments and decrees of all Governmental Entities.

(b) Each of CCS and its Subsidiaries has duly obtained all material Permits and Consents necessary for the conduct of its business; each of the foregoing is set forth in Schedule 4.17(b) of the CCS Disclosure Schedule and is in full force and effect; each of CCS and its Subsidiaries is in compliance with all material terms of all the foregoing; there are no material proceedings pending or, to the knowledge of CCS or any of its Subsidiaries, threatened which are reasonably likely to result in the revocation, cancellation, suspension or modification thereof, and neither CCS nor any of its Subsidiaries has any knowledge of any basis therefor; and the consummation of the transactions contemplated hereby will not result in any such revocation, cancellation, suspension or modification nor require CCS or any of its Subsidiaries or TravCorps to make any filing or take any action in order to maintain the validity of any item listed on Schedule 4.17(b).

(c) Each Licensed Service Provider employed or engaged by CCS or any of its Subsidiaries to provide services on behalf of CCS or any of its Subsidiaries has obtained (and maintains) all necessary licensure or certification to provide such services in compliance in all material respects with any applicable law.

4.18 Environmental Matters. To the knowledge of CCS and each of its Subsidiaries:

(a) All of the operations of CCS and each of its Subsidiaries comply and have at all times complied, in all material respects, with all applicable Environmental Laws, and neither CCS nor any of its Subsidiaries is subject to any material CCS Environmental Liabilities. Neither CCS nor any of its Subsidiaries nor, any other Person, has engaged in, authorized, allowed or suffered any operations or activities upon any of the Real Property of CCS or its Subsidiaries for the purpose of or in any way involving the handling, manufacture, treatment, processing, storage, use, generation, release, discharge, emission, dumping or disposal of any Hazardous Substances at, on or under the Real Property of CCS or its Subsidiaries, except in compliance in all material respects with all applicable Environmental Laws.

(b) None of the Real Property or any assets of CCS or any of its Subsidiaries contain any Hazardous Substances in, on, over, under or at it in concentrations or amounts which would materially violate Environmental Laws or impose material liability or obligations on the present or former owner, manager, or operator of the Real Property under the Environmental Laws for any assessment, investigation, corrective action, remediation or monitoring of Hazardous Substances. None of such Real Property of CCS or its Subsidiaries is listed or proposed for listing on the National Priorities List pursuant to CERCLA, or any similar inventory of sites requiring investigation or remediation maintained by any state. Neither CCS nor any of its Subsidiaries has received any notice, whether oral or written, from any Governmental Entity or third party of any actual or threatened material CCS Environmental Liabilities with respect to the Real Property of CCS or its Subsidiaries, any assets of CCS or any of its Subsidiaries or the conduct of the business of CCS or any of its Subsidiaries.

4.19 Labor Matters. (a) Except to the extent set forth in Schedule 4.19 of the CCS Disclosure Schedule:

(i) there is no labor strike, or material dispute, grievance, arbitration proceeding, slowdown or stoppage, or charge of unfair labor practice actually pending, threatened against or affecting the operation of the business of CCS or any of its Subsidiaries, other than routine individual grievances;

(ii) no unions or other collective bargaining units have been certified or recognized by CCS or any of its Subsidiaries as representing any of its employees and, to the knowledge of CCS, there are no existing union organizing efforts or representation questions with respect to any of the employees of CCS or any of its Subsidiaries.

4.20 Employee Benefit Plans. (a) Except as set forth in Schedule 4.20 of the CCS Disclosure Schedule, there are no Plans. With respect to each Plan, as applicable, accurate and complete (i) copies of each written Plan (including all amendments thereto), (ii) written descriptions of each oral Plan, (iii) copies of related trust or funding agreements, (iv) summary plan descriptions, (v) summaries of material modifications, (vi) copies of the most recent annual reports and actuarial valuations and (vii) copies of the most recent determination letter from the IRS for each Plan intended to qualify under Code Section 401(a) have been heretofore delivered or made available to TravCorps.

(b) None of CCS, any of its Subsidiaries, its CCS ERISA Affiliates, or any of their respective predecessors has ever contributed to, contributes to, has ever been required to contribute to, or otherwise participated in or participates in or in any way, directly or indirectly, has any liability with respect to any Employee Benefit Plan which is subject to Title IV of ERISA.

(c) With respect to each of the Plans on Schedule 4.20, except as set forth on Schedule 4.20:

(i) each Plan intended to qualify under Section 401(a) of the Code has received a determination letter from the IRS to the effect that the Plan is qualified under Section 401 of the Code and any trust maintained pursuant thereto is exempt from federal income taxation under Section 501 of the Code and nothing has occurred (since the date of the determination letter) or is expected to occur through the date of the Closing (including, without limitation, the transactions contemplated by this Agreement) that caused or could cause the loss of such qualification or exemption or the imposition of any penalty or tax liability;

(ii) all material payments required by any Plan, any agreement, or by law (including, without limitation, all contributions, insurance premiums, or intercompany charges) have been made;

(iii) no material claim, lawsuit, arbitration or other action has been threatened, asserted, instituted, or anticipated against the Plans, any trustee or fiduciaries thereof, CCS, any of its Subsidiaries, any CCS ERISA Affiliate, any director, officer, or employee thereof, or any of the assets of any trust of the Plans;

(iv) the Plan complies and has been maintained and operated in all material respects in accordance with its terms and applicable law, including, without limitation, ERISA and the Code;

(v) no "prohibited transaction," within the meaning of Section 4975 of the Code and Section 406 of ERISA, has occurred or is expected to occur with respect to the Plan (and the consummation of the transactions contemplated by this Agreement will not constitute or directly or indirectly result in such a "prohibited transaction");

(vi) with respect to each Plan that is funded mostly or partially through an insurance policy, neither CCS nor any of its Subsidiaries nor any CCS ERISA Affiliate has any material liability in the nature of retroactive rate adjustment, loss sharing arrangement or

other actual or contingent liability arising wholly or partially out of events occurring on or before the Closing.

(d) Except to the extent set forth in Schedule 4.20(d) the consummation of the transactions contemplated by this Agreement will not give rise to any material liability, including, without limitation, material liability for severance pay, unemployment compensation, termination pay, or withdrawal liability, or materially accelerate the time of payment or vesting or materially increase the amount of compensation or benefits due to any employee, director or stockholder of CCS or any of its Subsidiaries (whether current, former, or retired) or their beneficiaries solely by reason of such transactions. No material amounts payable under any Plan will fail to be deductible for federal income tax purposes by virtue of Sections 280G or 162(m) of the Code.

(e) Neither CCS, any of its Subsidiaries nor any CCS ERISA Affiliate maintains, contributes to, or in any way provides for any benefits of any kind whatsoever (other than under Section 4980B of the Code, the Federal Social Security Act, or a plan qualified under Section 401(a) of the Code) to any current or future retiree or terminee.

(f) Neither CCS, any of its Subsidiaries nor any CCS ERISA Affiliate, or any officer or employee thereof, has made any promises or commitments, whether legally binding or not, to create any material additional plan, agreement, or arrangement, or to materially modify or change any existing Plan.

4.21 Questionable Payments. Neither the CCS Stockholders nor any director, officer, agent, employee, or any other Person acting on behalf of the CCS Stockholders, or CCS or any of its Subsidiaries, has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses; made any unlawful payment to government officials or employees or to political parties or campaigns; established or maintained any unlawful fund of corporate monies or other assets; made or received any bribe, or any

unlawful rebate, payoff, influence payment, kickback or other payment; given any favor or gift which is not deductible for federal income tax purposes; or made any bribe, kickback, or other payment of a similar or comparable nature, to any governmental or non-governmental Person, regardless of form, whether in money, property, or services, to obtain favorable treatment in securing business or to obtain special concessions, or to pay for favorable treatment for business or for special concessions secured.

4.22 Finders. No CCS Stockholder and none of CCS's or its Subsidiaries' directors or officers, have taken any action that, directly or indirectly, would obligate CCS, TravCorps or any of its Subsidiaries, to anyone acting as broker, finder, financial advisor or in any similar capacity in connection with this Agreement or any of the transactions contemplated hereby.

ARTICLE V

COVENANTS

5.1 Conduct of Business. From the date hereof and until the Closing Date, except as contemplated by this Agreement or expressly consented to by an instrument in writing signed by the other parties, TravCorps, on the one hand, and CCS, on the other hand, will each use its commercially reasonable best efforts to: (i) conduct its business and operations only in the ordinary course, consistent with past practice, (ii) maintain and preserve its Properties in good repair, order and condition, (iii) preserve its business operations and organizations intact, (iv) keep available the services of its current officers and satisfactorily performing employees, (v) preserve its current advantageous business relationships, including without limitation the goodwill of its customers and suppliers and others having business relationships with it; and (vi) not, Directly or Indirectly, redeem, purchase or otherwise acquire any of its shares of capital stock or, except as set forth on Schedule 5.1, authorize any stock split or recapitalization or issue any shares of capital stock (other than in connection with exercise of options outstanding on the date hereof) or grant options.

5.2 Records. Prior to the Closing Date, each of TravCorps and CCS shall and shall cause each of its Subsidiaries to afford the other party, its attorneys, accountants and representatives, free and full access to its business, books, records and employees, and shall provide such additional financial and operating data and other information as the other party, shall from time to time reasonably request.

5.3 Filings and Authorizations. Each of the parties, as promptly as practicable, (i) shall make, or cause to be made, all such filings and submissions under laws, rules and regulations applicable to him, her or it or his, her or its Affiliates, as may be required to consummate the Merger in accordance with the terms of this Agreement, (ii) shall use all commercially reasonable efforts to obtain, or cause to be obtained, all Consents necessary to be obtained by him, her or it or his, her or its Affiliates, in order to consummate the Merger, and (iii) shall use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for him, her or it to fulfill his, her or its obligations hereunder. The parties shall coordinate and cooperate with one another in exchanging such information and supplying such reasonable assistance as may be reasonably requested by each in connection with the foregoing.

5.4 Discussions with Others. From the date hereof until the Closing Date the TC Stockholders, on the one hand, and the CCS Stockholders on the other hand, shall cause each of TravCorps and CCS and their respective officers, directors, employees or representatives not to, solicit or enter into negotiations with any party or encourage, facilitate or initiate any discussions with any party, with regard to a purchase and sale of any portion of the capital stock of either TravCorps or CCS, any material portion of the assets of either TravCorps or CCS or any merger or consolidation of either TravCorps or CCS with any third party.

5.5 Further Assurances. The parties hereto shall from time to time after the Closing Date execute and deliver such additional instruments and documents, as any party hereto may reasonably request to consummate the transfers and other transactions contemplated hereby.

5.6 Tax Matters. Each of TravCorps and CCS will not take any action that is reasonably likely to cause the Merger to fail to qualify as a "reorganization" within the meaning of Section 368 of the Code, and shall use its reasonable best efforts (including the provision of customary representations) to permit counsel to render the opinion described in Section 6.2(n). Neither TravCorps nor CCS shall take or cause to be taken any action which would cause to be untrue (or fail to take or cause not to be taken any action which would cause to be untrue) any of the representations set forth in certificates delivered to such counsel.

5.7 Indemnification; Directors' and Officers' Insurance. (a) From and after the Effective Time, to the fullest extent permitted by applicable law, the Surviving Corporation shall, and CCS shall cause the Surviving Corporation to, indemnify, defend and hold harmless each Person who is now, or has been at any time prior to the date hereof, or who becomes prior to the Effective Time, a director, officer or employee of the TravCorps or any of its Subsidiaries (each an "Indemnified Party" and, collectively, the "Indemnified Parties") against all losses, expenses (including reasonable attorneys' fees and expenses), claims, damages, liabilities or amounts paid in settlement arising out of actions or omissions occurring at or prior to the Effective Time and whether asserted or claimed prior to, at or after the Effective Time that are in whole or in part (i) based on or arising out of the fact that such Person is or was a director, officer or employee of TravCorps or one of its Subsidiaries or (ii) based on, arising out of or pertaining to the transactions contemplated by this Agreement. In the event of any such loss, expense, claim, damage or liability (whether or not arising before the Effective Time), (i) the Surviving Corporation shall pay the reasonable fees and expenses of counsel selected by the Indemnified Parties promptly after statements therefor are received and otherwise advance to such Indemnified Party upon request reimbursement of documented expenses reasonably incurred, in

either case to the extent not prohibited by Delaware Law upon receipt of any affirmation and undertaking required by Delaware Law, (ii) the Surviving Corporation will cooperate in the defense of any such matter and (iii) any determination required to be made with respect to whether an Indemnified Party's conduct complies with the standards set forth under Delaware Law and the Surviving Corporation's certificate of incorporation or bylaws shall be made by independent counsel mutually acceptable to the Surviving Corporation and the Indemnified Party; provided, however, that the Surviving Corporation shall not be liable for any settlement effected without its written consent (which consent shall not be unreasonably withheld). In addition to the indemnification provided above, to the fullest extent permitted by law, from and after the Effective Time, all rights to indemnification now existing in favor of the employees, agents, directors or officers of TravCorps and its Subsidiaries with respect to their activities as such prior to the Effective Time, as provided in TravCorp's certificate of incorporation or bylaws, in effect on the date hereof, shall survive the Merger and shall continue in full force and effect for a period of not less than six years from the Effective Time.

(b) For a period of 6 years after the Effective Time, CCS shall cause to be maintained in effect the policies of directors' and officers' liability insurance maintained by TravCorps for the benefit of those Persons who are covered by such policies at the Effective Time (or CCS may substitute therefor policies of at least the same coverage with respect to matters occurring prior to the Effective Time).

(c) In the event CCS or the Surviving Corporation or any of their successors or assigns consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or transfers all or substantially all of their properties and assets to any Person, then and in either such case, proper provision shall be made so that the successors and assigns of CCS or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section.

(d) The provisions of this Section 5.7 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party, his or her heirs and his or her representatives.

Section 5.8 Notification of Certain Matters. Each party hereto shall give prompt notice to each other party hereto of (i) the occurrence or nonoccurrence of any event the occurrence or nonoccurrence of which would be likely to cause any representation or warranty contained in this Agreement, which is qualified as to materiality, to be untrue or inaccurate, or any representation or warranty not so qualified, to be untrue or inaccurate in any material respect at or prior to the Effective Time, (ii) any material failure of any party hereto to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder, (iii) any notice of, or other communication relating to, a default or event which, with notice or lapse of time or both, would become a default, received by such party or any of its Subsidiaries subsequent to the date of this Agreement and prior to the Effective Time under any contract or agreement to which it or any of its Subsidiaries is a party or is subject material to the financial condition, business or results of operations of it and its Subsidiaries, taken as a whole or (iv) any notice or other communication from any third party alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement; provided, however, that the delivery of any notice pursuant to this Section 5.8 shall not cure such breach or non-compliance or limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 5.9 Employee Matters. CCS shall cause the Surviving Corporation to honor the obligations of TravCorps or any of its Subsidiaries under the provisions of all employment, consulting, termination, severance, change in control and indemnification agreements between and among TravCorps or any of its Subsidiaries and any current or former officer, director, consultant or employee of TravCorps or any of its Subsidiaries. For a period of one year following the Effective Time, CCS agrees that it will maintain, or will cause the Surviving Corporation and its Subsidiaries to maintain, for the benefit of the employees of

TravCorps and any of its Subsidiaries following the Effective Time, compensation and benefit plans, programs, arrangements and policies as will provide compensation and benefits which in the aggregate are not materially less favorable than those provided to such employees as of the date hereof under the TravCorps employee benefit plans set forth on Schedule 5.9 attached hereto in accordance with their written terms and without regard to formal or informal discretionary provisions.

Section 5.10 Obligations of Merger Subsidiary. CCS will take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement.

Section 5.11 Confidentiality. Prior to the Effective Time and after any termination of this Agreement, each party to this Agreement will hold, and each of TravCorps and CCS will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to hold, in confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all confidential documents and information concerning the other parties furnished to it or its Affiliates in connection with the transactions contemplated by this Agreement, except to the extent that such information can be shown to have been (i) previously known by such party, (ii) in the public domain through no fault of such party or (iii) later lawfully acquired by such party from sources other than the other parties; provided that each party may disclose such information to its officers, directors, employees, accountants, counsel, consultants, advisors and agents in connection with the transactions contemplated by this Agreement so long as such party informs such Persons of the confidential nature of such information and directs them to treat it confidentially. Each party shall satisfy its obligation to hold any such information in confidence if it exercises the same care with respect to such information as it would take to preserve the confidentiality of its own similar information. If this Agreement is terminated, each party will, and will use its best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors and agents to,

destroy or deliver to the other parties, upon request, all documents and other materials, and all copies thereof, that it or its Affiliates obtained, or that were obtained on their behalf, from the other parties in connection with this Agreement and that are subject to such confidence.

5.12 Termination of Certain Agreements. Effective as of the Closing, each of the agreements set forth on Schedule 5.12 shall terminate in full, be of no further force or effect, and no party shall have any further liability with respect thereto.

5.13 PreClosing Payments. TravCorps shall have the right, prior to the Effective Time, to pay up to an aggregate of $1,127,733 to its option holders in connection with the cancellation of all TravCorps stock options. CCS shall have the right, prior to the Effective Time, to distribute or pay to such parties as, and in such proportions as the Board of Directors of CCS may determine, an amount (the "Designated Amount") (if a positive number) determined on an after tax basis equal to the product of (x) 1.632 and (y) the amount actually paid by TravCorps pursuant to the first sentence of this Section 5.13 determined on an after tax basis and adjusted for any limitations on the use of TravCorps' net operating losses following the Merger. Without giving effect to the tax adjustments provided in the immediately preceding sentence, the aggregate amount to be distributed or paid by CCS pursuant to this Section 5.13 (which amount shall include all special bonus payments made to employees of CCS and all payment made to stockholders or their affiliates following the date hereof and prior to the Effective Time) shall not exceed the Designated Amount.

5.14 Permits. Each of CCS and TravCorps shall use its commercially reasonable efforts to secure all permits material to their respective businesses.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Conditions Precedent to Obligations of CCS and the CCS Stockholders. The obligation of CCS and the CCS Stockholders under this Agreement to consummate the Merger on the Closing Date shall be subject to the satisfaction, at or prior to the Closing Date, of all of the following conditions, any one or more of which may be waived by CCS and the CCS Stockholders:

(a) Representations and Warranties Accurate. The representations and warranties of the TC Stockholders contained in this Agreement which are qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, as of the date of this Agreement and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

(b) Performance by TC Stockholders and TravCorps. Each of the TC Stockholders and TravCorps shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by such Person hereunder on or prior to the Closing Date.

(c) Consents. The Consents set forth on Exhibit 6.1(c) hereto shall have been duly obtained, made or given and shall be in full force and effect, without the imposition upon CCS or TravCorps of any material condition, restriction or required undertaking.

(d) No Legal Prohibition. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity shall have been instituted or threatened which arises out of or relates to this Agreement or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been

enacted or promulgated by any Governmental Entity and be in effect, which in each case restrains or prohibits the consummation of the Merger.

(e) Certificate. CCS shall have received a certificate, dated the Closing Date, signed by the Representative of the TC Stockholders and TravCorps, to the effect that the conditions set forth in Sections 6.1(a) and 6.1(b) have been satisfied.

(f) Opinion of Counsel for TravCorps. CCS and the CCS Stockholders shall have received an opinion, dated the Closing Date, from Davis Polk & Wardwell, counsel to TravCorps, in form and substance reasonably acceptable to CCS.

(g) No Material Adverse Change. No event, loss, damage, condition or state of facts of any kind shall exist which has had a TravCorps Material Adverse Effect or which may reasonably be expected to have a TravCorps Material Adverse Effect.

(h) HSR Act. The required waiting period under the HSR Act shall have expired or been earlier terminated.

(i) Stockholders Agreement. The Stockholders Agreement in the form annexed hereto as Exhibit 6.1(i) shall have been executed and delivered by the parties thereto and the individual set forth on Schedule 6.1(i)(1) shall have executed that certain side letter set forth on Exhibit 6.1(i)(2).

(j) Registration Rights Agreement. The Registration Rights Agreement in the form annexed hereto as Exhibit 6.1(j) shall have been executed and delivered by the parties thereto.

(k) Cancellation of Stock Options. All options to purchase shares of capital stock of TravCorps shall have been terminated.

6.2 Conditions Precedent to Obligations of TC Stockholders and TravCorps and the TC Stockholders. The obligations of the TC Stockholders under this Agreement to consummate the Merger on the Closing Date shall be subject to the satisfaction, at or prior to the Closing Date, of all of the following conditions, any one or more of which may be waived by TravCorps and the TC Stockholders:

(a) Representations and Warranties Accurate. The representations and warranties of the CCS Stockholders contained in this Agreement which are qualified as to materiality shall be true and correct in all respects, and those not so qualified shall be true and correct in all material respects, as of the date of this Agreement and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

(b) Performance by CCS and the CCS Stockholders. Each of CCS and the CCS Stockholders shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by such Person hereunder on or prior to the Closing Date.

(c) Consents. The Consents set forth on Exhibit 6.1(c) hereto shall have been duly obtained, made or given and shall be in full force and effect, without the imposition upon CCS or TravCorps of any material condition, restriction or required undertaking.

(d) No Legal Prohibition. No suit, action, investigation, inquiry or other proceeding by any Governmental Entity shall have been instituted or threatened which arises out of or relates to this Agreement or the transactions contemplated hereby and no injunction, order, decree or judgment shall have been issued and be in effect or threatened to be issued by any Governmental Entity of competent jurisdiction, and no statute, rule or regulation shall have been enacted or promulgated by any Governmental Entity and be in effect, which in each case restrains or prohibits the consummation of the Merger.

(e) Certificate. The Representative of the TC Stockholders shall have received a certificate, dated the Closing Date, signed by the Representative of the CCS Stockholders and CCS to the effect that the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied.

(f) Opinion of Counsel for CCS. The TC Stockholders shall have received an opinion, dated the Closing Date, from Proskauer Rose LLP, counsel to CCS, in form and substance reasonably acceptable to the TC Stockholders.

(g) No Material Adverse Change. No event, loss, damage, condition or state of facts of any kind shall exist which has had a CCS Material Adverse Effect or which may reasonably be expected to have a CCS Material Adverse Effect.

(h) HSR Act. The required waiting period under the HSR Act shall have expired or been earlier terminated.

(i) Stockholders Agreement. The Stockholders Agreement in the form annexed hereto as Exhibit 6.1(i) shall have been executed and delivered by the parties thereto.

(j) Registration Rights Agreement. The Registration Rights Agreement in the form annexed hereto as Exhibit 6.1(j) shall have been executed and delivered by the parties thereto.

(k) Amendment of Certificate of Incorporation and By Laws. The Certificate of Incorporation of CCS and the By-laws of CCS shall have been amended as set forth in Exhibit 6.2(k)(1), and Exhibit 6.2(k)(2), respectively.

(l) Stock Option Plans. CCS shall have adopted the stock option plans having terms substantially the same as those set forth on the summary attached hereto as Exhibit 6.2(l), which plans shall be in forms reasonably acceptable to TravCorps.

(m) Tax Opinion. TravCorps shall have received an opinion of Davis Polk & Wardwell in form and substance reasonably satisfactory to TravCorps, on the basis of certain facts, representations and assumptions set forth in such opinion, dated the Effective Time, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code, and that each of CCS, Merger Sub and TravCorps will be a party to the reorganization within the meaning of Section 368(b) of the Code. In rendering such opinion, such counsel shall be entitled to rely upon certain representations of officers of CCS and TravCorps.

(n) Closing Working Capital. The Closing Working Capital Amount (as defined in the Asset Purchase Agreement dated June 24, 1999 among W.R. Grace & Co.-Conn., CCS and the other parties thereto (the "CCS APA")) shall have been finally determined and the Cash Purchase Price (as defined in the CCS APA) shall not have been increased pursuant to Section 4.5 of the CCS APA by more than $1,600,000.

(o) Ashley One Issues. The investments by certain of the parties to the Agreement in Ashley One, Inc. shall have been consummated on substantially the terms set forth on Exhibit 6.2(o), with definitive documentation reasonably satisfactory to the TC Stockholders.

ARTICLE VII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

7.1 Survival of Representations and Warranties. None of the representations and warranties contained in Articles III and IV shall survive the Closing

7.2 Indemnification by CCS. From and after the Closing, CCS shall indemnify and hold (i) the CCS Stockholders, their Affiliates and their respective directors, officers, employees, stockholders, members, partners, agents, successors and assigns and (ii) the TC Stockholders, their Affiliates and their respective directors, officers, employees, stockholders, members, partners, agents, successors and assigns harmless from and defend each

of them from and against any and all demands, claims, actions, liabilities, losses, costs, damages or expenses whatsoever (including, without limitation, reasonable attorneys' fees and expenses) asserted against, imposed upon or incurred by them resulting from or arising out of any breach following the Closing of any covenant or obligation of CCS contained herein and to be performed after the Closing.

ARTICLE VIII

MISCELLANEOUS

8.1 Termination. This Agreement may be terminated, and the transactions contemplated herein may be abandoned:

(a) any time before the Closing, by mutual written agreement of CCS and TravCorps;

(b) any time before the Closing, by CCS and the CCS Stockholders, on the one hand, or TravCorps and the TC Stockholders on the other hand, (i) in the event of a material breach of any covenant contained herein by any non-terminating party if such non-terminating party fails to cure such breach within five Business Days following notification thereof by the terminating party or (ii) upon notification to the non-terminating party by the terminating party that the satisfaction of any condition to the terminating party's obligations under this Agreement becomes impossible or impracticable with the use of commercially reasonable efforts if the failure of such condition to be satisfied is not caused by a breach hereof by the terminating party; or

(c) any time after January 30, 2000 by CCS and the CCS Stockholders, on the one hand, or TravCorps and the TC Stockholders, on the other hand, upon notification to the non-terminating party by the terminating party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the terminating party.

8.2 Effect of Termination. If this Agreement is validly terminated pursuant to Section 8.1, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of any party (or any of their respective officers, directors, employees, partners, agents or other representatives or Affiliates), except as provided in the next succeeding sentence and except that the provisions with respect to confidentiality in Section 5.11, expenses in Section 8.3 and public announcements in Section 8.15 will continue to apply following any such termination. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 8.1(b) or (c), the TC Stockholders will remain liable to CCS and the CCS Stockholders for any willful and deliberate breach of this Agreement by the TC Stockholders existing at the time of such termination, TravCorps will remain liable to CCS and the CCS Stockholders for any willful and deliberate breach of this Agreement by TravCorps and its Subsidiaries existing at the time of such termination, CCS will remain liable to TravCorps and the TC Stockholders for any willful and deliberate breach of this Agreement by CCS existing at the time of such termination, and the CCS Stockholders will remain liable to TravCorps and the TC Stockholders for any willful and deliberate breach of this Agreement by the CCS Stockholders existing at the time of such termination and may seek such remedies, including damages against the other with respect to any such breach as are provided in this Agreement or as are otherwise available at law or in equity.

8.3 Expenses. Each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby; provided, however, that if the Merger is consummated, CCS will pay the reasonable costs and expenses incurred by each of the parties.

8.4 Amendment. This Agreement may not be modified, amended, altered or supplemented except by a written agreement executed by each party.

8.5 Entire Agreement. This Agreement, together with the Exhibits and Schedules hereto, the Operative Documents and the instruments and other documents delivered pursuant to this Agreement, contain the entire agreement of the parties relating to the subject matter hereof and thereof, and supersede all prior agreements, understandings, representations, warranties and covenants of any kind between the parties with respect to the matters hereof and thereof.

8.6 Waivers. Waiver by any party of any breach of or failure to comply with any provision of this Agreement by the other parties shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement. No waiver of any such breach or failure or of any term or condition of this Agreement shall be effective unless in a written notice signed by the waiving party and delivered, in the manner required for notices generally, to each affected party.

8.7 Notices. All notices and other communications hereunder shall be validly given or made if in writing, (i) when delivered personally (by courier service or otherwise), (ii) when sent by telecopy, or (iii) when actually received if mailed by first-class certified or registered United States mail or recognized overnight courier service, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Subsection:

If to the TC Stockholders:

Morgan Stanley Dean Witter Capital
Partners IV
1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 762-4000
Telecopier: (212) 762-8282
Attention: Karen H. Bechtel,
Managing Director

If to TravCorps:

TravCorps Corporation
40 Eastern Avenue
Malden, Massachusetts 02148
Telephone: (800) 343-3270
Telecopier: (781) 322-1611
Attention: Bruce Cerullo,
President

in either case with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Telephone: (212) 450-4000
Fax: (212) 450-4800
Attention: Carole Schiffman, Esq.

If to the CCS Stockholders:

Charterhouse Equity Partners III, L.P.,
as Representative
c/o Charterhouse Group International, Inc.
535 Madison Avenue
New York, New York 10022
Telephone: (212) 584-3200
Telecopier: (212) 750-9704
Attention: Thomas C. Dircks,
Managing Director

If to CCS:

Cross Country Staffing, Inc.
6551 Park of Commerce Blvd., N.W.
Suite 200
Boca Raton, Florida 33487
Telephone: (800) 998-5174
Telecopier: (561) 395-5693
Attention: Joseph A. Boshart,
President

in either case with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, New York 10036
Telephone: (212) 969-3000
Telecopier: (212) 969-2900
Attention: Stephen W. Rubin, Esq.

8.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same document.

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York (without regard to its conflicts of law rules).

8.10 Binding Effect; Third Party Beneficiaries; Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective legal representatives, successors and permitted assigns. Except as set forth in Section 5.7, nothing expressed or referred to in this Agreement is intended or shall by construed to give any Person other than the parties to this Agreement, or their respective legal representatives, successors and permitted assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. Neither party may assign this

Agreement nor any of its rights hereunder, other than any right to payment of a liquidated sum, nor delegate any of its obligations hereunder, without the prior written consent of the other.

8.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and any such provision, to the extent invalid or unenforceable, shall be replaced by a valid and enforceable provision which comes closest to the intention of the parties underlying such invalid or unenforceable provision.

8.12 Headings. The headings contained in this Agreement are for reference purposes only and shall not modify define, limit, expand or otherwise affect in any way the meaning or interpretation of this Agreement.

8.13 No Agency. Except as provided in Section 8.14 hereof, no party hereto shall be deemed hereunder to be an agent of, or partner or joint venturer with, any other party hereto.

8.14 Representative. Each TC Stockholder (other than any such Stockholder that is an Affiliate of Morgan Stanley Dean Witter Capital Partners IV, L.P.) does hereby irrevocably appoint Bruce Cerullo and each CCS Stockholder does hereby irrevocably appoint Charterhouse Equity Partners III, L.P. (each herein called a "Representative") as his true and lawful attorney-in-fact and agent, with full power of substitution or resubstitution, to act solely and exclusively on behalf of such TC Stockholder or CCS Stockholder, as the case may be, with respect to any matters relating to this Agreement and any document, certificate or other agreement to be executed and delivered by or on behalf of such TC Stockholder or CCS Stockholder pursuant hereto, with the full power, without the consent of such party, to exercise all of the powers which any such TC Stockholder or CCS Stockholder could exercise under the provisions of this Agreement or any document, certificate or other agreement to be executed and

delivered by or on behalf of any such TC Stockholder or CCS Stockholder pursuant hereto, including, without limitation, to (i) accept and give notices hereunder, (ii) consent to any modification or amendment hereof or (iii) give any waiver or consent hereunder. Each Representative does hereby accept such appointment. CCS and the CCS Stockholders, on the one hand, and TravCorps and such TC Stockholders, on the other hand, shall be entitled to rely exclusively upon such notices, waivers, consents, amendments, modifications and other acts of the Representative as being the binding acts of such TC Stockholders or the CCS Stockholders.

8.15 Public Announcements. None of the parties hereto will issue or cause the publication of any press release or otherwise make any public statement with respect to the transactions contemplated hereby without the prior written consent of the parties hereto, provided, that any party hereto may (i) make a public announcement to the extent required by law, judicial process or the rules, regulations or interpretations of the Securities and Exchange Commission or any national securities exchange or (ii) communicate with its investors in the ordinary course of business with respect to the performance of its investment in CCS.

8.16 Knowledge Qualifications; Accounting Terms. (a) Whenever any party makes any representation, warranty or other statement to such party's knowledge, such party will be deemed to have made reasonable inquiry into the subject matter of such representation, warranty or other statement, including reasonable inquiry of each executive officer and director of such party.

(b) Any accounting terms used in this Agreement shall, unless otherwise defined in this Agreement, have the meaning ascribed thereto by GAAP.

8.17 Interpretation. In this Agreement, unless a contrary intention appears, (i) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision, and to any

certificates delivered pursuant hereto; and (ii) reference to any Article or Section means such Article or Section hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

TravCorps Corporation

By: /s/ Bruce A. Cerullo

Name:
Title:

Cross Country Staffing, Inc.

By: /s/ Thomas C. Dircks

Name:
Title:

CCTC Acquisition, Inc.

By: /s/ Thomas C. Dircks

Name:
Title:

TC Stockholders:

MORGAN STANLEY DEAN WITTER
CAPITAL PARTNERS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW Capital Partners IV, Inc.,
as member

By: /s/ Karen H. Bechtel

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-7986

MSDW IV 892 INVESTORS, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW Capital Partners IV, Inc.,
as member

By: /s/ Karen H. Bechtel

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-7986

MORGAN STANLEY DEAN WITTER
CAPITAL INVESTORS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW Capital Partners IV, Inc.,
as member

By: /s/ Karen H. Bechtel

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-7986

MORGAN STANLEY VENTURE PARTNERS III, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: Fazle Husain

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

MORGAN STANLEY VENTURE INVESTORS III, L.P.

By: Morgan Stanley Venture Investors III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: Fazle Husain

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

THE MORGAN STANLEY VENTURE PARTNERS
ENTREPRENEUR FUND, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ Fazle Husain

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

/s/ Charles N. Martin, Jr.

Charles N. Martin, Jr.

Susan A. Cejka

/s/ Bruce A. Cerullo

Bruce A. Cerullo

/s/ Karla T. Mount

Karla T. Mount

/s/ Charles J. Shea

Charles J. Shea

/s/ James Schmidt

James Schmidt

/s/ Michael Taylor

Michael Taylor

CCS Stockholders:

CHARTERHOUSE EQUITY PARTNERS III, L.P.

By: CHUSA Equity Investors III, L.P.,
general partner

By: Charterhouse Equity III, Inc.,
general partner

By: /s/ Thomas C. Dircks

Thomas C. Dircks
Managing Director

CHEF NOMINEES LIMITED

By: Charterhouse Group International, Inc.,
Attorney-in-Fact

By: /s/ Thomas C. Dircks

Thomas C. Dircks
Managing Director

/s/ Joseph A. Boshart

Joseph A. Boshart

/s/ Emil Hensel

Emil Hensel

Exhibit 2.3

STOCK PURCHASE AGREEMENT

by and between

CROSS COUNTRY TRAVCORPS, INC.
a Delaware corporation,

and

EDGEWATER TECHNOLOGY, INC.,
a Delaware corporation

Dated as of December 15, 2000

TABLE OF CONTENTS

TABLE OF CONTENTS
(CONTINUED)

TABLE OF CONTENTS
(CONTINUED)

PAGE

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("AGREEMENT") is entered into as of December 15, 2000, by and between CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation ("PURCHASER"), and EDGEWATER TECHNOLOGY, INC., a Delaware corporation ("SELLER"). Certain capitalized terms used in this Agreement are defined on EXHIBIT A.

RECITALS

A. Seller, through its subsidiaries listed on the ACQUIRED COMPANIES SCHEDULE, is engaged in the business of permanent placement and temporary staffing of clinical trials support services personnel.

B. Seller owns 100% of the issued and outstanding Capital Stock of each of the companies listed on the ACQUIRED COMPANIES SCHEDULE (collectively, the "ACQUIRED COMPANIES").

C. Purchaser wishes to purchase all of the Capital Stock of the companies on the ACQUIRED COMPANIES SCHEDULE owned by Seller, as set forth on the ORGANIZATION SCHEDULE (the "ACQUIRED STOCK"), from Seller on the terms and subject to the conditions set forth in this Agreement, and Seller wishes to sell to Purchaser on the terms and subject to the conditions set forth in this Agreement, all of the Acquired Stock.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual representative warranties, and covenants, which are to be made and performed by the respective parties, Purchaser and Seller hereby agree as follows:

SECTION 1. SALE AND PURCHASE OF STOCK

1.1 SALE AND PURCHASE OF THE ACQUIRED STOCK. At the Closing (as defined in Section 2.1 hereof), Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, all of the Acquired Stock owned, directly or indirectly, by Seller as such ownership is set forth on the ORGANIZATION SCHEDULE in accordance with this Agreement.

1.2 PURCHASE PRICE. The purchase price payable by Purchaser for the Acquired Stock (the "PURCHASE PRICE") shall be Thirty-One Million Dollars ($31,000,000.00).

1.3 PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid by Purchaser to Seller on the Closing Date by wire transfer of immediately available funds to an account or accounts to be designated by Seller at least one (1) business day prior to the Closing.

1.4 POST-CLOSING PURCHASE PRICE ADJUSTMENT.

(a) CLOSING DATE BALANCE SHEET; CALCULATION OF THE NET WORKING CAPITAL ADJUSTMENT. Within forty-five (45) days following the Closing Date, Purchaser shall cause the

Acquired Companies to prepare and deliver to Seller the Closing Date Balance Sheet, which will reflect the Net Working Capital. One hundred and twenty (120) days following the Closing Date (the "REALIZATION DATE"), Purchaser shall cause the Acquired Companies to prepare and deliver to Seller a calculation of the Net Working Capital Adjustment, if any. Following the Closing, each of Purchaser and Seller shall provide the other party and any independent auditors of such other party with access at all reasonable times to the properties, books, records, work papers (including those of the parties' respective accountants, subject to customary limitations) and personnel of the other for purposes of preparing and reviewing the Closing Date Balance Sheet, the Adjusted Net Working Capital and the Net Working Capital Adjustment and for the matters contemplated by this Section 1.4.

(b) DISPUTES. Seller shall have thirty (30) days after delivery to it by Purchaser of each of the Closing Date Balance Sheet and the Net Working Capital Adjustment calculation during which to notify Purchaser of any good faith dispute of any item contained in the Closing Date Balance Sheet or the Net Working Capital Adjustment calculation, which notice shall set forth in reasonable detail the basis for such dispute. In the event that Seller shall so notify Purchaser of any such dispute on or before the last day of either such 30-day period, Purchaser and Seller and their respective accountants shall negotiate in good faith to resolve such dispute as promptly as possible. If Purchaser and Seller and their respective accountants are unable to resolve any such dispute within 30 days of Seller's delivery of such notice, such dispute shall be resolved by a jointly selected nationally recognized accounting firm retained to resolve any disputes between Purchaser and Seller over any item contained in the Closing Date Balance Sheet or the Net Working Capital Adjustment calculation (the "INDEPENDENT ACCOUNTING FIRM"), which shall make its determination as promptly as practicable, and such determination shall be final and binding on the parties. The Independent Accounting Firm shall, acting as experts and not as arbitrators, determine in a manner consistent with this Agreement, and only with respect to the remaining differences so submitted, whether and to what extent, if any, the Closing Date Balance Sheet or the Net Working Capital Adjustment calculation requires adjustment; PROVIDED, HOWEVER, the parties shall endeavor to have the Independent Accounting Firm conduct one review of the matters specified in this paragraph (b) in the event there is, or it is reasonably likely that there will be, a dispute concerning both the Closing Date Balance Sheet and the Net Working Capital Adjustment. If Seller and Purchaser cannot jointly agree on the identity of the Independent Accounting Firm, Seller and Purchaser shall each submit to their respective accountants the name of an accounting firm which does not at the time provide services to the Acquired Companies, Seller, or Purchaser, and the Independent Accounting Firm shall be selected from these two firms by the respective accountants of the parties. Any expenses relating to the engagement of the Independent Accounting Firm shall be shared equally by Seller and Purchaser. The Closing Date Balance Sheet and the Net Working Capital Adjustment calculation, as modified by resolution of any disputes, if any, by Purchaser and Seller or by the Independent Accounting Firm, shall be deemed final and binding on the parties on the earliest of: (i) the failure of Seller to notify Purchaser of a dispute within 30 days after the delivery of the Net Working Capital Adjustment calculation to Seller; (ii) the resolution of any disputes regarding the Net Working Capital Adjustment calculation by Purchaser and Seller and their respective accountants; and (iii) the resolution of any dispute regarding the Net Working Capital Adjustment pursuant to this Section by the Independent Accounting Firm (the "DETERMINATION DATE").

(c) PAYMENT AND ASSIGNMENT. If the Net Working Capital Adjustment is greater than zero, then within five (5) business days after the Determination Date Seller shall pay to Purchaser an amount equal to the Net Working Capital Adjustment, together with interest thereon at the applicable federal rate, calculated from the Closing Date to the date of payment. If the Net Working Capital Adjustment is equal to zero, then no payment shall be due by Seller to Purchaser. If the Net Working Capital Adjustment is less than zero, then within five (5) business days after the Determination Date Purchaser shall pay to Seller an amount equal to the absolute value of the Net Working Capital Adjustment, together with interest thereon at the applicable federal rate, calculated from the Closing Date to the date of payment. The amount of any payment required to be made pursuant to this Section 1.4(c) shall not exceed the amount of the Purchase Price to be paid at the Closing. If any amount of the accounts receivable line item listed on the Closing Date Balance Sheet remains unpaid on the Realization Date, such unpaid amount shall be assigned, as of the Realization Date, by Purchaser or the Acquired Companies, as applicable, to Seller. In connection with such assignment, Purchaser or the Acquired Companies, as applicable, shall promptly execute all documents, agreements and certificates that are necessary to effect any such assignment to Seller.

SECTION 2. CLOSING

2.1 GENERAL. The Closing of the transactions contemplated by Section 1 (the "CLOSING") shall be held at the offices of Morgan, Lewis & Bockius, LLP, 101 Park Avenue, New York, NY 10178, or some other mutually agreeable location, at 10:00 a.m. on the date two (2) business days following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the parties will take at the Closing itself), or at such other place, time and/or date as may be jointly designated by Purchaser and Seller. By mutual agreement of the parties, closing may take place by conference call and facsimile with exchange of original signatures by overnight mail.

2.2 CLOSING TRANSACTIONS. Subject to the conditions set forth in this Agreement, the parties shall consummate the following transactions (the "CLOSING TRANSACTIONS") at the Closing:

(a) Seller shall sell and transfer to Purchaser or its designees the Acquired Stock, free and clear of all Liens and Encumbrances, by delivering to Purchaser or its designees, one or more certificates representing the Acquired Stock, duly endorsed in blank (or accompanied by duly executed stock powers) and otherwise in form acceptable for transfer on the books of the Acquired Companies;

(b) Purchaser shall pay the Purchase Price as contemplated by Section 1.2; and

(c) Seller and Purchaser shall deliver the certificates and other documents and instruments required to be delivered by or on behalf of such Party under Section 7 and Section 8 of this Agreement, as applicable.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser that, except as disclosed or otherwise referred to in any of the disclosure schedules attached hereto (collectively, "DISCLOSURE SCHEDULE") or in any of the documents attached to the DISCLOSURE SCHEDULE, as of the date of this Agreement:

3.1 ORGANIZATION AND CORPORATE POWER.

(a) The "ORGANIZATION SCHEDULE" attached hereto contains a complete and accurate list for each Acquired Company of its name, its jurisdiction of incorporation or organization, other jurisdictions in which it is authorized to do business, and its capitalization (including the identity of each stockholder or equity holder and the number of shares or other equity interests held by each), determined as of the date hereof. Except as set forth on the ORGANIZATION SCHEDULE, none of the Acquired Companies owns or holds the right to acquire any Capital Stock in any other Person. Seller is validly existing and in good standing as a corporation under the laws of the State of Delaware, and, subject to the satisfaction of its conditions precedent to Closing, has all necessary corporate power to perform its obligations under the Transaction Documents.

(b) Each Acquired Company is a company duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization, with full corporate or organizational power and authority, as appropriate, to conduct the business as it is now being conducted and to own or use the properties and assets that it purports to own or use. Each Acquired Company is duly qualified to do business as a foreign company and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so duly qualified or licensed and in good standing would not individually or in the aggregate have a Material Adverse Effect.

(c) Seller has delivered to Purchaser correct and complete copies of the certificate of incorporation and bylaws (or equivalent governing documents) of each Acquired Company, which documents reflect all amendments made thereto at any time before the date hereof. Correct and complete copies of the minute books containing the records of meetings of the stockholders and board of directors (or equivalent parties), the stock certificate books, and the stock record books of the Acquired Companies have been furnished to Purchaser. None of the Acquired Companies is in default under or in violation of any provision of its certificate of incorporation or by-laws (or equivalent governing documents).

3.2 AUTHORIZATION OF TRANSACTIONS. Seller and each Acquired Company has all requisite corporate power and authority to execute and deliver the Transaction Documents to which it is a party and, subject to the adoption and approval of this Agreement and the transactions contemplated hereby by the holders of a majority of the shares of common stock of Seller outstanding on the record date and entitled to vote thereon at the Stockholders Meeting (the "STOCKHOLDER VOTE CONDITION"), to consummate the transactions contemplated hereby and thereby and to carry out their respective obligations hereunder and thereunder. The board of directors of Seller has duly approved the execution and delivery of the Transaction Documents and the consummation of the transactions contemplated thereby. No other corporate proceedings

on the part of Seller or any Acquired Company are necessary to approve and authorize the execution and delivery of the Transaction Documents to which it is a party and, subject to the satisfaction of the Stockholder Vote Condition, the performance of their respective obligations thereunder or the consummation of the transactions contemplated thereby. All Transaction Documents to which Seller or any Acquired Company is a party have been duly executed and delivered by Seller and/or such Acquired Company and constitute the valid and binding agreements of Seller and/or such Acquired Company, enforceable against Seller and/or such Acquired Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights, and as limited by general principles of equity that restrict the availability of equitable remedies.

3.3 CAPITALIZATION. The authorized Capital Stock of each Acquired Company consists of the number and type of shares or other interests (and par values) set forth relative to such Acquired Company's name on the ORGANIZATION SCHEDULE. Except as set forth on the ORGANIZATION SCHEDULE, all of the issued and outstanding Capital Stock of the Acquired Companies have been duly authorized, are validly issued, fully paid and nonassessable, and are held of record and owned beneficially by the Persons and in the manner described on the ORGANIZATION SCHEDULE, free and clear of all Liens and Encumbrances, and are not subject to, nor were they issued in violation of, any preemptive rights or rights of first refusal. The delivery of certificates at the Closing representing the Acquired Stock in the manner provided in Section 2.2 will transfer to Purchaser or its designees, directly or indirectly, good and valid title to the Acquired Stock, which constitutes all of the outstanding capital stock of or other ownership interests in each Acquired Company, in each case, free and clear of all Liens and Encumbrances. Except as set forth on the ORGANIZATION SCHEDULE, there are no outstanding or authorized options, warrants, rights, contracts, calls, puts, rights to subscribe, conversion rights, or other agreements or commitments to which Seller or any Acquired Company is a party or which are binding upon Seller or any Acquired Company providing for the issuance, disposition, or acquisition of any Acquired Company's Capital Stock (other than this Agreement). Other than as set forth on the ORGANIZATION SCHEDULE, there are no outstanding or authorized stock appreciation, phantom stock, or similar rights with respect to any Acquired Company. There are no voting trusts, proxies, or any other agreements or understandings with respect to the voting of the Capital Stock of any Acquired Company. No Acquired Company is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any of its Capital Stock.

3.4 ABSENCE OF CONFLICTS. Except as set forth on the "CONFLICTS SCHEDULE" attached hereto, the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated thereby by Seller and/or any Acquired Company do not and shall not (a) conflict with or result in any breach of any of the terms, conditions or provisions of, (b) constitute (with or without notice or lapse of time or both) a default under, (c) result in a violation of, (d) give any third party the right to modify, terminate or accelerate any obligation under, (e) result in the creation of any Lien or Encumbrance upon the Capital Stock (including, without limitation, the Acquired Stock) or any Lien or Encumbrance (excluding Permitted Encumbrances) upon the assets of any Acquired Company by any Person other than Purchaser pursuant to, or (f) require, to the extent not already obtained, any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any Person or any court or administrative or other governmental body or agency under: (1) the

certificate of incorporation or by-laws (or equivalent governing documents) of Seller or any of the Acquired Companies; (2) any indenture, mortgage, material lease, loan agreement or other material agreement or material instrument to which Seller or any of the Acquired Companies or their respective assets or properties is bound or affected; (3) any material law, statute, rule or regulation to which Seller or any of the Acquired Companies is subject (except in connection with the filing with the SEC of a proxy statement relating to the solicitation of votes concerning the approval necessary to satisfy the Stockholder Vote Condition (as amended or supplemented from time-to-time, the "PROXY STATEMENT"), the satisfaction of the Stockholder Vote Condition pursuant to the DGCL and the filing with the SEC of such reports under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated by this Agreement); or (4) any judgment, order or decree to which Seller or any Acquired Company is subject.

3.5 FINANCIAL STATEMENTS AND RELATED MATTERS.

Attached hereto as the "FINANCIAL STATEMENTS SCHEDULE" are copies of: (i) an unaudited combined balance sheet as of October 31, 2000 (the "LATEST BALANCE SHEET") and the related unaudited combined statement of income for the ten (10) months then-ended October 31, 2000 for the Acquired Companies; and (ii) an unaudited balance sheet and statement of income as of and for the fiscal year ended December 31, 1999, for the Acquired Companies (collectively, the "FINANCIAL STATEMENTS"). Except as set forth on the FINANCIAL STATEMENTS SCHEDULE, each of the Financial Statements is accurate and complete in all material respects, is consistent with the Acquired Companies' books and records (which, in turn, are accurate and complete in all material respects), presents fairly the Acquired Companies' financial condition and results of operations as of the times and for the periods referred to therein, and has been prepared in accordance with GAAP, subject in the case of interim unaudited financial statements to changes resulting from normal year-end adjustments and to the absence of footnote disclosure.

3.6 ABSENCE OF CERTAIN DEVELOPMENTS. Except for the execution and delivery of the Transaction Documents and the transactions to take place pursuant hereto on or before the Closing Date, since October 31, 2000, there has not been any Material Adverse Change, or any event or development which, individually or together with other such events, could reasonably be expected to result in a Material Adverse Change. Without limiting the foregoing, except as set forth on the attached "DEVELOPMENTS SCHEDULE," since October 31, 2000, neither Seller (solely with respect to the Acquired Companies) nor any of the Acquired Companies has:

(a) subjected any material portion of the properties or assets of any Acquired Company to any Lien or Encumbrance (other than Permitted Encumbrances);

(b) entered into, amended or terminated any material lease, contract, agreement or commitment applicable to any Acquired Company, or taken any other action or entered into any other material transaction applicable to any Acquired Company other than in the Ordinary Course of Business;

(c) declared, set aside or paid outside of the Ordinary Course of Business any dividends or made any other distributions (whether in cash or in kind) with respect to any shares (or other interests) of the Capital Stock of any Acquired Company;

(d) made any capital expenditures or commitments for capital expenditures on behalf of any Acquired Company except for amounts less than $50,000;

(e) (i) increased the salary, wages or other compensation of any officer or employee of any Acquired Company whose annual salary is, or after giving effect to such change would be, $150,000 or more; (ii) established or modified with respect to any Acquired Company any of the (x) targets, goals, pools or similar provisions in respect of any fiscal year under any Benefit Plan, employment contract or other employee compensation arrangement or (y) salary ranges, increase guidelines or similar provisions in respect of any Benefit Plan, employment contract or other employee compensation arrangement; or (iii) adopted, entered into, amended, modified or terminated (partial or complete) any Benefit Plan except to the extent required by applicable law;

(f) (i) incurred, either directly or on behalf of an Acquired Company, any indebtedness in an aggregate principal amount exceeding $100,000 (net of any amounts discharged during such period), or (ii) voluntarily purchased, cancelled, prepaid or completely or partially discharged in advance of a scheduled payment date with respect to, or waived any right of any Acquired Company under, any indebtedness of or owing to any Acquired Company (in either case other than any indebtedness of any Acquired Company owing to another Acquired Company);

(g) made any material change in the accounting policies of any Acquired Company; or

(h) committed to do any of the foregoing.

3.7 TAXES. Except as set forth on the attached "TAXES SCHEDULE":

(a) All Tax Returns with respect to each Acquired Company that were required to be filed prior to the date hereof have been timely filed and all such Tax Returns required to be filed prior to the Closing will be timely filed, and all of those Tax Returns were, or will be, true, correct and complete in all material respects;

(b) all Taxes due and payable have been paid by each Acquired Company or will be paid by the appropriate due date and no amount of such Taxes is delinquent;

(c) no deficiency for any amount of Tax in excess of $50,000 which has not been resolved has been asserted or assessed in writing by a taxing authority against any of the Acquired Companies, and Seller has no Knowledge that any such written assessment or asserted Tax liability shall be made;

(d) there is no action, suit, taxing authority proceeding or audit now in progress, pending or, to the Knowledge of Seller, threatened in writing against or with respect to any of the Acquired Companies;

(e) there is not currently in force with respect to any of the Acquired Companies any (A) waiver of any statute of limitations relating to Taxes, (B) agreement to any

extension of the period for assessment or collection of Taxes or (C) power of attorney relating to Taxes;

(f) none of the Acquired Companies is a party to or bound by any Tax allocation, sharing, indemnity or similar agreement or arrangement with any Person with respect to the Acquired Companies and none of the Acquired Companies has any current or potential contractual obligation to indemnify any other Person with respect to Taxes regarding the Acquired Companies;

(g) none of the Acquired Companies has any obligation to make any payment that could be non-deductible under Section 280G of the Code (or any corresponding provision of state, local or foreign Tax law);

(h) no written claim has been made and delivered by a taxing authority in a jurisdiction where any of the Acquired Companies does not pay Taxes or file Tax Returns that Seller or any Acquired Company is or may be subject to Taxes assessed by such jurisdiction;

(i) each of the Acquired Companies has withheld and paid over all Taxes required to have been withheld and paid over in connection with amounts paid or owing to any employee, creditor, independent contractor or other third party relating to the Acquired Companies;

(j) the TAXES SCHEDULE contains a list of states, territories and jurisdictions (whether foreign or domestic) in which Seller and/or each of the Acquired Companies files Tax Returns relating to the Acquired Companies; there are no other jurisdictions in which Tax Returns are required to be filed;

(k) none of the Acquired Companies has any liability for taxes under Treasury Regulations section 1.1502-6 or any similar state, local or foreign provision; and

(l) Seller is the common parent of the affiliated group (as defined in Code section 338(h)(5)) of which the Acquired Companies are members. This affiliated group files consolidated federal income tax returns.

3.8 PROPRIETARY RIGHTS.

(a) The "PROPRIETARY RIGHTS SCHEDULE" attached hereto contains a complete and accurate list of all material Proprietary Rights owned, licensed or used by any of the Acquired Companies, including (i) patented and registered Proprietary Rights owned or used by any of the Acquired Companies, (ii) pending patent applications and applications for registrations of other Proprietary Rights filed by or on behalf of or owned by any of the Acquired Companies, (iii) material unregistered trade names, Internet domain names, web sites and corporate names owned or used by Seller or any of its Affiliates (excluding the Acquired Companies) with respect to any of the Acquired Companies and (iv) material unregistered trademarks, service marks and logos and the computer software owned or used by Seller or any of its Affiliates (excluding the Acquired Companies) with respect to any of the Acquired Companies. Except as to licenses and agreements contained in customer contracts or entered into in connection therewith that grant customers the right to use or assign rights in Proprietary

Rights developed therefor, the PROPRIETARY RIGHTS SCHEDULE contains a complete and accurate list of all material licenses and other rights granted by Seller or any of the Acquired Companies to any third party with respect to any Proprietary Rights, in each case identifying the subject Proprietary Rights. Except as set forth on the PROPRIETARY RIGHTS SCHEDULE, the Acquired Companies own, free of all Liens and Encumbrances (except Permitted Encumbrances), all right, title and interest to, or have the right to use pursuant to a valid license, all of the Proprietary Rights set forth on the PROPRIETARY RIGHTS SCHEDULE and all other Proprietary Rights reasonably necessary for the operation of the Acquired Companies as presently conducted. Except as set forth on the PROPRIETARY RIGHTS SCHEDULE, the loss or expiration of any Proprietary Rights or related group of Proprietary Rights owned or used by any of the Acquired Companies has not had a Material Adverse Effect on the Acquired Companies and such a loss or expiration of Proprietary Rights is not pending or, to the Knowledge of Seller, threatened in writing.

(b) Except as set forth on the PROPRIETARY RIGHTS SCHEDULE, (i) all of the Proprietary Rights owned or used by the Acquired Companies are valid and enforceable and have not been misused, and no claim by any third party contesting the validity, enforceability, use or ownership of any such Proprietary Rights has been made, is currently outstanding or to Seller's Knowledge, has been threatened in writing, and, to Seller's Knowledge, there are no grounds for the same; (ii) neither Seller nor any of the Acquired Companies has received any written notices of invalidity, infringement or misappropriation from any third party with respect to any such Proprietary Rights; (iii) to the Knowledge of Seller, neither Seller nor any of the Acquired Companies has interfered with, infringed upon, misappropriated or otherwise come into conflict with any Proprietary Rights of any third parties; and (iv) to the Knowledge of Seller, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Proprietary Rights of the Acquired Companies.

(c) The transactions contemplated by this Agreement shall have no Material Adverse Effect on the Acquired Companies' rights, title and interest in and to any of their respective Proprietary Rights. Each of the Acquired Companies has taken all necessary actions to maintain and protect their respective material Proprietary Rights and shall continue to maintain and protect those rights prior to the Closing so as to not materially and adversely affect the validity or enforcement of such Proprietary Rights. To the Knowledge of Seller, the owners of any Proprietary Rights that are licensed to any Acquired Company (other than third party off-the-shelf computer software) have taken all necessary actions to maintain and protect such Proprietary Rights.

3.9 LITIGATION; PROCEEDINGS. Except as set forth on the "LITIGATION SCHEDULE" attached hereto, there are no (i) material actions, suits, complaints, charges in writing, proceedings, orders, investigations or claims pending or, to the Knowledge of Seller, threatened in writing against or affecting any of the Acquired Companies (or to the Knowledge of Seller, pending or threatened in writing against or affecting any of the officers, directors or key employees of any of the Acquired Companies with respect to the business of the Acquired Companies) at law or in equity, or before or by any federal, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, (including, without limitation, any actions, suits, complaints, charges, proceedings or investigations with respect to the transactions contemplated by this Agreement) or (ii) outstanding orders, laws, rules or regulations restraining, enjoining, prohibiting or otherwise

making illegal the purchase and sale of the Acquired Stock pursuant to this Agreement. Except as set forth on the LITIGATION SCHEDULE, none of the Acquired Companies is subject to any material grievance arbitration proceedings under collective bargaining agreements or otherwise or, to the Knowledge of Seller, any governmental investigations or inquiries. Except as set forth on the LITIGATION SCHEDULE, none of the Acquired Companies is subject to any judgment, order or decree of any court or other governmental agency (or settlement enforceable therein).

3.10 BROKERS. Except as set forth on the "BROKERAGE SCHEDULE" attached hereto, neither Seller nor any of the Acquired Companies has retained any broker or finder in connection with any of the transactions contemplated by this Agreement, and Seller has not incurred or agreed to pay, or taken any other action that would entitle any Person to receive, any brokerage fee, finder's fee or other similar fee or commission with respect to any of the transactions contemplated by this Agreement.

3.11 GOVERNMENTAL LICENSES AND PERMITS. The "PERMITS SCHEDULE" attached hereto contains a listing and summary description of all material Licenses used in the conduct of the business of the Acquired Companies as presently conducted (including, without limitation, material Licenses owned or possessed by any of the Acquired Companies). Except as indicated on the PERMITS SCHEDULE, the Acquired Companies own or possess all right, title and interest in and to all of the material Licenses that are necessary to conduct their business as presently conducted. Each of the Acquired Companies is in material compliance with the terms and conditions of such material Licenses and neither Seller nor any Acquired Company has received any notices that an Acquired Company is in violation of or default under (or with the giving of notice or lapse of time or both, would be in violation of or in default under) any of the terms or conditions of such material Licenses. Each of the Acquired Companies has taken all necessary action to maintain such material Licenses. No loss or expiration of any such material License is threatened (in writing) or pending other than expiration in accordance with the terms thereof. Except as indicated on the PERMITS SCHEDULE, all of the Licenses shall survive the transactions contemplated hereby.

3.12 EMPLOYEES. Except as set forth on the "EMPLOYEES SCHEDULE" attached hereto, to the Knowledge of Seller, no key executive employee and no group of key internal employees or independent contractors of any of the Acquired Companies has any plans to terminate his, her or its employment or relationship as an independent contractor with any of the Acquired Companies other than in the Ordinary Course of Business. Except as set forth on the EMPLOYEES SCHEDULE, each of the Acquired Companies has complied in all material respects with, and remains in compliance in all material respects with, all applicable laws relating to the employment of personnel and labor. Except as set forth on the EMPLOYEES SCHEDULE, none of the Acquired Companies is a party to or bound by any collective bargaining agreement, nor has such party experienced any strikes, grievances, unfair labor practices claims or other material employee or labor disputes. To the Knowledge of Seller, none of the Acquired Companies has engaged in any unfair labor practice. Seller has no Knowledge of any organizational effort presently being made or which has been threatened in writing by or on behalf of any labor union with respect to any employees of any of the Acquired Companies. None of the Acquired Companies has implemented any plant closing, mass layoff, collective dismissals or reductions as those terms are defined in the Worker Adjustment Retraining and Notification Act of 1988, as amended ("WARN"), or any similar state or local law or regulation, and no layoffs that could

implicate such laws or regulations will have been implemented before Closing without advance notification to Purchaser.

3.13 EMPLOYEE BENEFIT MATTERS.

(a) Except as set forth on the "BENEFIT PLANS SCHEDULE" attached hereto, with respect to current or former employees (or their beneficiaries) of each of the Acquired Companies, none of Seller, any of the Acquired Companies or any entity that would be deemed a "single employer" with Seller or any Acquired Company under Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA (an "ERISA AFFILIATE") maintained or contributed to or has any material actual or potential liability with respect to any (i) deferred compensation, profit sharing, severance, incentive, change in control, bonus or retirement plans or arrangements, (ii) qualified or nonqualified defined contribution or defined benefit plans or arrangements which are employee pension benefit plans (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), or (iii) employee welfare benefit plans, (as defined in Section 3(1) of ERISA), stock option, stock purchase, restricted stock, tuition refund, disability, fringe benefit or any other policies, plans or programs whether in writing or oral, insured or self-insured and whether or not terminated. None of Seller, any of the Acquired Companies or any ERISA Affiliate or any of their predecessors have within the previous six years contributed to any multiemployer pension plan (as defined in Section 3(37) of ERISA), and none of Seller, any of the Acquired Companies or any ERISA Affiliate or any of their predecessors have maintained or contributed within the previous six years to any defined benefit plan (as defined in Section 3(35) of ERISA). The plans and other arrangements, programs and agreements referred to in the preceding two sentences are referred to collectively as the "BENEFIT PLANS." None of Seller, any of the Acquired Companies or any ERISA affiliate maintains or contributes to any Benefit Plan which provides health, accident or life insurance benefits to current or future retirees or terminees, their spouses or dependents, other than in accordance with Section 4980B of the Code ("COBRA").

(b) Each Benefit Plan (and each related trust and insurance contract) set forth on the BENEFIT PLANS SCHEDULE (i) complies in form and in operation in all material respects with the requirements of applicable laws and regulations, including, without limitation, ERISA and the Code and the nondiscrimination rules thereof, (ii) has received or will have received prior to the Closing Date all contributions, premiums or payments required by any Benefit Plan with respect to all periods through the Closing Date, and (iii) with respect to each Benefit Plan which is intended to be qualified under section 401(a) of the Code, has been amended on a timely basis in compliance with the Code and, except as set forth on the BENEFIT PLANS SCHEDULE, has either received from the Internal Revenue Service a favorable determination letter which considers the terms of such Benefit Plan as amended or is within the remedial amendment period for obtaining such letter, and nothing has occurred or is expected to occur through the Closing Date that caused or could cause the revocation of such favorable determination letter or the imposition of any material penalty or tax.

(c) Except as set forth on the BENEFIT PLANS SCHEDULE, all required reports and descriptions (including Form 5500 Annual Reports, Summary Annual Reports and Summary Plan Descriptions) with respect to the Benefit Plans set forth on the BENEFIT PLANS SCHEDULE have been properly and timely filed with the appropriate government agency and distributed to

participants as required. Seller, each of the Acquired Companies and each ERISA Affiliate have complied in all material respects with the requirements of COBRA.

(d) With respect to each Benefit Plan set forth on the BENEFIT PLANS SCHEDULE, (i) there have been no prohibited transactions as defined in Section 406 of ERISA or Section 4975 of the Code, (ii) no fiduciary (as defined in Section 3(21) of ERISA) has any material liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such Benefit Plans, and (iii) no actions, investigations, suits or claims with respect to any Benefit Plan, any trustee or fiduciary thereof, Seller, any Acquired Company or any ERISA Affiliate, any director, officer or employee thereof or the assets of any trust of the Benefit Plans thereof (other than non-material routine claims for benefits) are pending and neither Seller nor any Acquired Company has Knowledge of any facts which would give rise to or could reasonably be expected to give rise to any such actions, investigations, suits or claims.

(e) None of Seller, any of the Acquired Companies or any ERISA Affiliate has incurred or has any reason to expect that it will incur, any material liability to the Pension Benefit Guaranty Corporation (other than routine premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any employee pension benefit plan (as defined in Section 3(2) of ERISA) that Seller, any of the Acquired Companies or any ERISA Affiliate maintains or ever has maintained or to which any of them contributes, ever has contributed or ever has been required to contribute to.

(f) Except as set forth on the BENEFIT PLANS SCHEDULE, each individual who has received compensation for the performance of services on behalf of any Acquired Company has been properly classified as an employee or independent contractor in accordance with applicable laws.

(g) None of Seller, the Acquired Companies or any ERISA Affiliate maintains any Benefit Plan which provides benefits to any employee or former employee (or to their beneficiaries or dependents) of the Acquired Companies employed outside the United States.

(h) Except as disclosed on the BENEFITS PLANS SCHEDULE, the consummation of the transactions contemplated by this Agreement will not give rise to any liability, including, without limitation, liability for severance pay, unemployment compensation, termination pay or withdrawal liability or accelerate the time of payment or vesting or increase the amount of compensation or benefits due to any employee, director or shareholder of the Acquired Companies (whether current, former or retired) or their beneficiaries solely by reason of such transactions or by reason of a termination following such transactions. Except as disclosed on the BENEFITS PLAN SCHEDULE, neither Seller nor any Acquired Company has any unfunded liabilities pursuant to any Benefit Plan concerning an Acquired Company that is not intended to be qualified under Section 401(a) of the Code and that is an employee pension benefit plan within the meaning of Section 3(2) of ERISA, a nonqualified deferred compensation plan or an excess benefit plan.

3.14 INSURANCE. The "INSURANCE SCHEDULE" contains a true and complete list (including the names and addresses of the insurers, the expiration dates thereof, the annual

premiums and payment terms thereof and a brief description of the interests insured thereby) of all liability, property, workers' compensation, directors' and officers' liability and other insurance policies currently in effect (together with a two year claims history) that insure the business, operations or employees of the Acquired Companies or affect or relate to the ownership, use or operation of the Business or any of the assets and properties of the Acquired Companies and that (i) have been issued to any Acquired Company or (ii) have been issued to any Person (other than any Acquired Company) for the benefit of the Business or any Acquired Company. Except as set forth on the INSURANCE SCHEDULE, the insurance coverage provided by the policies described in clause (i) above will not terminate or lapse by reason of the transactions contemplated by this Agreement. Except as set forth on the INSURANCE SCHEDULE, each policy listed on the INSURANCE SCHEDULE is valid and binding and in full force and effect, no premiums due on or prior to the Closing Date thereunder have not been paid and none of Seller, any Acquired Company or the Person to whom such policy has been issued has received any notice of cancellation or termination in respect of any such policy or is in default thereunder. Except as set forth on the INSURANCE SCHEDULE, neither Seller nor any of the Acquired Companies has received notice that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause.

3.15 OFFICERS AND DIRECTORS; BANK ACCOUNTS. The "OFFICERS, DIRECTORS AND BANK ACCOUNTS SCHEDULE" attached hereto lists all officers and directors of each of the Acquired Companies, and all bank accounts, safety deposit boxes and lock boxes (designating each authorized signatory with respect thereto) for each of the Acquired Companies and all Persons having signatory power with respect thereto.

3.16 COMPLIANCE WITH LAWS. Except as set forth on the "COMPLIANCE SCHEDULE" attached hereto, the operations of the Business have, and each of the Acquired Companies has, complied in all material respects with and is in material compliance with all applicable laws, regulations and ordinances of foreign, federal, state and local governments and all agencies thereof which are applicable to it or which such Acquired Companies may otherwise be subject, and no material claims have been filed against any Acquired Companies, or Seller (concerning the Acquired Companies), alleging a material violation of any such laws or regulations, and none of the Acquired Companies or Seller has received written notice of any such past or present violations nor, to the Knowledge of Seller, has the Business or any Acquired Company been the subject of any inquiry or investigation by any governmental or regulatory authority regarding any such present or past failure. Except as set forth on the COMPLIANCE SCHEDULE, Seller (concerning the Acquired Companies) and the Acquired Companies have complied in all material respects with all laws, regulations and ordinances of federal, state and local governments and all agencies thereof applicable to present or former employees (or any Person found to be a present or former employee), employees' collective bargaining representatives, job applicants or any association or group of such Persons, of any Acquired Company, including without limitation any provisions thereof relating to terms and conditions of employment, wages, hours, the payment of social security and similar taxes and occupational safety and health.

3.17 ENVIRONMENTAL MATTERS. Except as set forth on the "ENVIRONMENTAL SCHEDULE" attached hereto, each of the Acquired Companies has complied in all material respects, and is currently in compliance in all material respects, with Environmental and Safety Requirements. Except as set forth on the ENVIRONMENTAL SCHEDULE, none of the Acquired Companies nor Seller

has received any oral or written notice, report or information regarding any liabilities (whether accrued, absolute, contingent, unliquidated or otherwise) or any corrective, investigatory or remedial obligations arising under Environmental and Safety Requirements which relate to any Acquired Company or any Acquired Company's properties or facilities. Without limiting the generality of the foregoing, each of the Acquired Companies has obtained and complied in all material respects with, and are currently in compliance in all material respects with, all permits, licenses and other authorizations that may be required pursuant to any Environmental and Safety Requirements for the use and occupancy of the properties and facilities and the operation of their business. None of the properties or facilities operated or leased by the Acquired Companies contains any chemicals, pollutants or substances in, on, over, under or at it, in concentrations which would be reasonably likely to result in the imposition of liability or obligations on the Acquired Companies for the investigation, corrective action, remediation or monitoring at those properties and facilities. The Acquired Companies have not contractually, or to the Knowledge of Seller by operation of law, including the Environmental and Safety Requirements, or otherwise assumed or succeeded to any environmental liabilities or obligations of any predecessors or any other Person or entity.

3.18 CONTRACTS.

(a) Except as specifically contemplated by this Agreement and except as set forth on the "CONTRACTS SCHEDULE" attached hereto, neither Seller (only with respect to the Acquired Companies) nor any of the Acquired Companies is a party to or bound by any:

(i) collective bargaining agreement or contact with any labor union or any bonus, pension, profit sharing, retirement or any other form of deferred compensation plan or any stock purchase, stock option, hospitalization insurance or similar plan or practice, whether formal or informal;

(ii) contract for the internal employment of any officer, individual employee or other person on a full-time or part-time basis providing annual compensation in excess of $125,000;

(iii) change of control or severance agreement or similar arrangement;

(iv) agreement or indenture relating to the borrowing of money or to mortgaging, pleading or otherwise placing a Lien or Encumbrance on any of its assets;

(v) contract under which any of the Acquired Companies has advanced or loaned any other Person amounts in the aggregate exceeding $50,000, other than trade credit extended in the Ordinary Course of Business;

(vi) agreement with respect to the lending or investing of funds;

(vii) guaranty of any obligation, other then endorsement made for collection and guarantees of obligation of an Acquired Company pursuant to any Lease;

(viii) management, consulting, advertising, marketing, promotion, technical services, advisory or other contract or other similar arrangement relating to the design,

marketing, promotion, management or operation of the Acquired Companies involving payments in excess of $200,000 per year;

(ix) lease or agreement under which it is lessee of, or holds or operates, any personal property owned by any other Person calling for payment is excess of $100,000 annually;

(x) lease or agreement under which it is lessor of or permits any third party to hold or operate any property, real or personal, owned or controlled by it and calling for payments in excess of $100,000 per year;

(xi) agreement or group of related agreements with the same Person for the purchase of products or services under which the annual expense of such products and services has a price in excess of $200,000;

(xii) contracts relating to (A) the future disposition or acquisition of any assets or properties of the Acquired Companies, other than dispositions or acquisitions in the Ordinary Course of Business, and (B) any business combination;

(xiii) contracts that incur indebtedness or incur or suffer to exist any Lien;

(xiv) contracts arising solely out of an acquisitive or dispositive transaction (A) obligating an Acquired Company to make, or provide for, indemnification or (B) to which indemnification is provided to an Acquired Company or Seller (only with respect to and directly involving any Acquired Company); and

(xv) contracts with any Person containing any provision or covenant prohibiting or limiting the ability of an Acquired Company to engage in any business or compete with any Person concerning any business or prohibiting or limiting the ability of any Person to compete with the Business or an Acquired Company.

(b) The CONTRACTS SCHEDULE contains a complete and accurate list of the contracts or agreements with the top ten (10) customers of Seller with respect to the Acquired Companies, with such top customers determined based upon annual revenues with respect to such customers for period from January 1, 2000 through October 31, 2000. Except as disclosed on the CONTRACTS SCHEDULE, since October 31, 2000, no such customer has (i) ceased purchases from the Acquired Companies or the Business or (ii) materially reduced its purchases from the Acquired Companies or the Business (other than as a result of fluctuations that are customary in the Ordinary Course of Business). Except as disclosed on the CONTRACTS SCHEDULE, to the Knowledge of Seller, no such customer is threatened with bankruptcy or insolvency.

(c) Except as disclosed on the CONTRACTS SCHEDULE: (i) no contract required to be disclosed on the CONTRACTS SCHEDULE and no other material contract or commitment has been materially breached or canceled by the Acquired Companies; (ii) each of the Acquired Companies has performed all of the material obligations required to be performed by them in connection with the contracts required to be disclosed on the CONTRACTS SCHEDULE and no Acquired Company is in material default (whereby such default is continuing and has not be

cured) under or in material breach of any such contracts, and no event has occurred which with the passage of time of the giving of notice or both, would result in such a continuing material default or material breach thereunder; (iii) each material agreement including any contract required to be disclosed on the CONTRACTS SCHEDULE, is legal, valid, binding, enforceable and in full force and effect; and (iv) except as disclosed on the CONTRACTS SCHEDULE, none of the Acquired Companies is, or has received notice that it is, in violation or breach of or default under any such contract (or with notice or lapse of time or both, would be in violation or breach of or default under any such contract).

3.19 ABSENCE OF UNDISCLOSED LIABILITIES. Except as set forth on the "UNDISCLOSED LIABILITIES SCHEDULE" attached hereto, no Acquired Company has any liabilities except: (i) obligations under executory contracts described on the CONTRACTS SCHEDULE or under executory contracts or commitments not required to be disclosed thereon; (ii) liabilities reflected or reserved for on the liabilities side of the Latest Balance Sheet; (iii) liabilities which have arisen after the date of the Latest Balance Sheet in the Ordinary Course of Business or otherwise in accordance with the terms and conditions of this Agreement; and/or (iv) liabilities specifically identified and disclosed elsewhere in this Agreement or the liabilities specifically identified and disclosed in the DISCLOSURE SCHEDULES attached hereto.

3.20 REAL PROPERTY. All real property leased, used or occupied by the Acquired Companies (the "LEASES") is identified on the "REAL ESTATE SCHEDULE" and no other real property is used for the conduct of the Business. The Acquired Companies do not own any real property.

(a) Except as disclosed on the REAL ESTATE SCHEDULE, each Acquired Company has a valid and subsisting leasehold estate in and the right to quiet enjoyment of the real properties subject to the Leases in accordance with the terms thereof. Each Lease is a legal, valid and binding agreement, enforceable in accordance with its terms, of such Acquired Company and of each other Person that is a party thereto, and except as set forth on the REAL ESTATE SCHEDULE, there is no, and neither Seller nor any Acquired Company has received notice of any, default (or any condition or event which, after notice or lapse of time or both, would constitute a default) thereunder. None of the Acquired Companies owes any brokerage commissions with respect to any such leased space.

(b) Except as disclosed on the REAL ESTATE SCHEDULE, the improvements on the real property which are subject to the Leases are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, to the Knowledge of Seller, there are no condemnation or appropriation proceedings pending or threatened against any of such real property or the improvements thereon.

3.21 AFFILIATE TRANSACTIONS. Except as disclosed on the "AFFILIATED TRANSACTIONS SCHEDULE" attached hereto, (i) there are no intercompany liabilities between an Acquired Company, on the one hand, and Seller, any Affiliate of Seller or any Insider, (ii) neither Seller, any Affiliate of Seller or any Insider provides or causes to be provided to an Acquired Company any assets, services or facilities and (iii) neither Seller, any Affiliate of Seller or any Insider is party to any agreement, contract or commitment or transaction with any Acquired Company.

3.22 TANGIBLE PERSONAL PROPERTY. The Acquired Companies are in possession of and have good title to, or have valid leasehold interests in or valid rights under contract to use, all tangible personal property used in the conduct of the Business, including all tangible personal property reflected on the Latest Balance Sheet and tangible personal property acquired since October 31, 2000 other than property disposed of since such date in the Ordinary Course of Business. All such tangible personal property is free and clear of all Liens and Encumbrances, other than Permitted Encumbrances, and is in good working order and condition, ordinary wear and tear excepted, and its use complies in all material respects with all applicable laws.

3.23 PROXY STATEMENT. None of the information supplied or to be supplied by Seller for inclusion or incorporation by reference in the Proxy Statement will on the date it is first mailed to the Company's stockholders contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; PROVIDED, HOWEVER, that no representation is made by Seller with respect to statements made therein based on information supplied in writing by Purchaser specifically for inclusion therein. The Proxy Statement will comply as to form with the applicable requirements of the Exchange Act.

3.24 DGCL SECTION 203. Assuming the truth and accuracy of the representations and warranties contained in Section 4 of this Agreement, Section 203 of the DGCL will not have any effect (including, without limitation, a special required vote of the stockholders of Seller owning more than a majority of the outstanding shares of Seller's Capital Stock as of the record date for the Stockholders Meeting) on this Agreement or the transactions contemplated by this Agreement. No other "fair price," "moratorium," "control share acquisition," or other similar anti-takeover statute or regulation of the DGCL or, to the knowledge of Seller, any other jurisdiction is applicable to this Agreement or the other transactions contemplated by this Agreement.

3.25 RIGHTS AGREEMENT. Assuming the truth and accuracy of the representations and warranties contained in Section 4 of this Agreement, solely as a result of entering into this Agreement or consummating the transactions contemplated hereby in accordance with the terms of this Agreement (i) Purchaser shall not be deemed to be an Acquiring Person (as defined in the Rights Agreement), (ii) the Distribution Date (as defined in the Rights Agreement) shall not be deemed to occur and (iii) the Rights (as defined in the Rights Agreement) will not separate from the Common Shares (as defined in the Rights Agreement).

SECTION 4. REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller that:

4.1 ORGANIZATION AND CORPORATE POWER. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into the Transaction Documents to which Purchaser is a party and to perform its obligations hereunder and thereunder.

4.2 AUTHORIZATION OF TRANSACTION. The execution, delivery and performance of this Agreement and the other agreements contemplated hereby to which Purchaser is a party have been duly and validly authorized by all requisite corporate or organizational action on the part of Purchaser, and no other corporate or organizational proceedings on their part are necessary to authorize the execution, delivery or performance of this Agreement. This Agreement constitutes, and each of the other agreements contemplated hereby to which Purchaser is a party shall when executed constitute, a valid and binding obligation of Purchaser, enforceable in accordance with their terms.

4.3 NO VIOLATION. Purchaser is not subject to or obligated under its certificate of incorporation or by-laws (or equivalent governing documents) or any applicable material law, rule or regulation of any governmental authority, or any agreement or instrument, or any license, franchise or permit, or any order, writ, injunction or decree, that would be breached or violated by Purchaser's execution, delivery or performance of the Transaction Documents to which Purchaser is a party.

4.4 GOVERNMENTAL AUTHORITIES AND CONSENTS. Purchaser is not required to submit any notice, report or other filing (except in connection with the applicable requirements of the HSR Act) with any governmental authority in connection with the execution or delivery by Purchaser of the Transaction Documents to which Purchaser is a party or the consummation of the transactions contemplated hereby or thereby. No consent, approval or authorization of any governmental or regulatory authority (except in connection with the applicable requirements of the HSR Act) or any other party or Person is required to be obtained by Purchaser in connection with its execution, delivery and performance of the Transaction Documents to which Purchaser is a party or the transactions contemplated hereby or thereby.

4.5 LITIGATION. There are no material actions, suits, proceedings or orders pending or, to Purchaser's Knowledge, threatened against or affecting Purchaser at law or in equity, or before or by any federal, state, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, that would adversely affect Purchaser's ability to perform its obligations under the Transaction Documents to which Purchaser is a party or the consummation of the transactions contemplated hereby or thereby.

4.6 BROKERS. Neither Purchaser nor any of Purchaser's Affiliates has retained any broker or finder in connection with any of the transactions contemplated by this Agreement, and neither Purchaser nor any of Purchaser's Affiliates has incurred or agreed to pay, or taken any other action that would entitle any Person to receive, any brokerage fee, finder's fee or other similar fee or commission with respect to any of the transactions contemplated by this Agreement.

4.7 ACCESS; ACCREDITED INVESTOR STATUS. Purchaser and its agents and associates have been given access to the assets, books, records, contracts and employees of the Acquired Companies, and have been given the opportunity to meet with officers and other representatives of Seller and the Acquired Companies for the purpose of asking questions concerning, and investigating and obtaining information regarding the Acquired Companies' business, operations and legal affairs. Purchaser is an "ACCREDITED INVESTOR" within the meaning of Regulation D promulgated under the Securities Act.

4.8 FUNDS. As of the Closing Date, Purchaser shall have funds sufficient to pay the Purchase Price and to complete the transactions contemplated by this Agreement.

4.9 BENEFICIAL OWNERSHIP OF SELLER COMMON STOCK; ACQUISITION OF ACQUIRED STOCK. As of the date hereof, Purchaser and its Subsidiaries individually or collectively do not beneficially own (as such term is defined and interpreted pursuant to Rule 13d-3 under the Exchange Act) more than 4.99% of Seller's common stock outstanding as of the date hereof. Purchaser is acquiring the Acquired Stock for its own account and for investment, and not with a view to, or for sale in connection with, any distribution of any of such Acquired Stock, PROVIDED, HOWEVER, that the disposition of the Acquired Stock shall at all times remain in Purchaser's control.

4.10 PROXY STATEMENT. None of the information supplied or to be supplied in writing by Purchaser specifically for inclusion in the Proxy Statement will on the date it is first mailed to the Company's stockholders contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

SECTION 5. PRE-CLOSING COVENANTS OF SELLER

Seller agrees that, between the date of this Agreement and the Closing Date:

5.1 AFFIRMATIVE COVENANTS OF SELLER. Seller covenants and agrees that, from the date of this Agreement and until the Closing or the date, if any, on which this Agreement is earlier terminated pursuant to Section 9.1 hereof, unless Purchaser otherwise consents in writing (which consent shall not be unreasonably withheld or delayed) and except as expressly contemplated by this Agreement, Seller shall cause each of the Acquired Companies to:

(a) conduct the business and operations of the Acquired Companies only in the Ordinary Course of Business;

(b) keep in full force and effect the corporate existence of the Acquired Companies and all rights, franchises and material Proprietary Rights relating or pertaining to the Acquired Companies and use its reasonable best efforts to cause its current insurance (or reinsurance) policies not to be modified, canceled or terminated or any of the coverage thereunder to lapse;

(c) use its reasonable best efforts to carry on the business of the Acquired Companies in the Ordinary Course of Business and to keep the business organizations and properties of the Acquired Companies intact in the Ordinary Course of Business, including business operations, physical facilities, working conditions and employees and relationships with lessors, licensors, suppliers and customers and others having business relations with it;

(d) maintain the material assets of the Acquired Companies in such ordinary repair, order and condition (normal wear and tear excepted) consistent with historical needs, replace in accordance with reasonable business practices its inoperable, worn out or obsolete assets with assets of good quality consistent with prudent practices and current needs and, in the event of a casualty, loss or damage to any of such assets or properties prior to the Closing Date

(whether or not such casualty, loss or damage is covered by insurance), either repair or replace such damaged property or use the proceeds of such insurance in such other manner as mutually agreed upon by Seller and Purchaser;

(e) encourage all key employees of the Acquired Companies to continue their employment with the Acquired Companies or Purchaser or its Subsidiaries after the Closing;

(f) maintain the books, accounts and records of the Acquired Companies in accordance with past custom and practice as used in the preparation of the Financial Statements;

(g) cooperate with Purchaser and use reasonable best efforts to cause the conditions to Purchaser's obligations to close to be satisfied (including, without limitation, the execution and delivery of all agreements contemplated hereunder to be so executed and delivered and the making and obtaining of all Required Approvals necessary to consummate the transactions contemplated hereby (including, without limitation, all approvals under the HSR Act);

(h) maintain the existence of and use reasonable best efforts to protect all material Proprietary Rights used by the Acquired Companies;

(i) maintain the existence of and protect all of the material governmental permits, licenses, approvals and other authorizations of the Acquired Companies;

(j) comply in all material respects with all applicable laws, ordinances, and regulations in the operation of the Acquired Companies and promptly following receipt thereof, give Purchaser copies of any notice received from any governmental or regulatory authority or other Person alleging violation thereof; and

(k) cooperate with Purchaser in its reasonable investigation of the business, assets and properties of the Acquired Companies and permit Purchaser and its employees, agents, accounting, legal and other authorized representatives, upon reasonable notice and at reasonable hours, to discuss the affairs, finances and accounts of any of the Acquired Companies with the officers, partners, key employees and independent accountants of the Acquired Companies.

5.2 NEGATIVE COVENANTS OF SELLER. Seller covenants and agrees that, from the date of this Agreement and until the Closing or the date, if any, on which this Agreement is earlier terminated pursuant to Section 9.1 hereof ((i) unless Purchaser otherwise consents in writing (which consent shall not be unreasonably withheld or delayed), (ii) unless Seller or an Acquired Company takes such action and causes any related obligations and liabilities to be fully and unconditionally discharged without any cost or expense to any Acquired Company associated therewith following the Closing Date, or (iii) except as expressly contemplated by this Agreement) Seller shall cause each of the Acquired Companies to not:

(a) (i) make any loans, enter into any non-arm's length transaction with any Insider, (ii) make or grant any increase in any Acquired Company's employee's, officer's or consultant's compensation outside of the Ordinary Course of Business, (iii) adopt or amend any employee benefit plan, incentive arrangement or other benefit covering any of the employees or

consultants of the Acquired Companies outside of the Ordinary Course of Business, or (iv) adopt or modify any target performance goals which would have the effect of increasing compensation specified in clause (ii) or (iii) above;

(b) except as specifically contemplated by this Agreement, enter into, modify, amend or terminate any contract, agreement or transaction, other than in the Ordinary Course of Business and at arm's length, with any unaffiliated Person or any Insider or waive, release or assign any material rights or claims thereunder;

(c) cause any properties, assets, rights or interests related primarily to the Acquired Companies prior to the date hereof to become primarily used by or primarily related to Seller or any Subsidiary of Seller (excluding the Acquired Companies);

(d) amend the certificates or articles of incorporation or by-laws (or other comparable corporate charter documents) of any of the Acquired Companies or take any action with respect to any such amendment or any reorganization, liquidation or dissolution of any such corporation;

(e) authorize, issue, sell or otherwise dispose of any shares of Capital Stock of, securities convertible into shares of Capital Stock of, ownership interests in or any option with respect to, any Acquired Company, or modify or amend any right of any holder of outstanding shares of Capital Stock of, ownership interest in or option with respect to any Acquired Company;

(f) directly or indirectly redeem, purchase or otherwise acquire any Capital Stock of, ownership interest in or any option with respect to any Acquired Company;

(g) acquire, lease or dispose of any tangible assets or properties of any Acquired Company or the Business other than such amounts that in the aggregate do not exceed $50,000;

(h) violate, breach or default under in any material respect, or take or fail to take any action that (with or without notice or lapse of time or both) would constitute a material violation or breach of, or default under, any term or provision of any material license held or used by any Acquired Company or any material contract to which any Acquired Company is a party or by which any of their respective assets and properties is bound;

(i) (i) incur indebtedness of more than $20,000 or (ii) voluntarily purchase, cancel, prepay or otherwise provide for a complete or partial discharge in advance of a scheduled payment date with respect to, or waive any right of an Acquired Company under, any indebtedness of or owing to any Acquired Company (in either case other than indebtedness of any Acquired Company owing to any Acquired Company);

(j) enter into change of control, severance agreements or similar arrangements;

(k) split, combine or reclassify any of shares of Capital Stock of any Acquired Company or issue or authorize the issuance of any other securities in respect of, in lieu of, or in substitution for such shares of Capital Stock of any Acquired Company;

(l) acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any Person;

(m) make any payments outside of the Ordinary Course of Business;

(n) except as required by GAAP, make any material change in accounting methods, principles or practices;

(o) settle any pending or threatened claim, action or proceeding brought by any Person (other than full and unconditional settlements which do not admit liability and only require payments of less than $5,000);

(p) enter into any agreement to lease real property; or

(q) agree in writing or otherwise take any of the actions described in Section 5.2.

5.3 EMPLOYEES IN NORTH CAROLINA. Seller shall terminate on or prior to the Closing Date, those employees listed on the TERMINATED EMPLOYEES SCHEDULE (the "TERMINATED EMPLOYEES") in accordance with the terms of any applicable employment agreement. Seller hereby agrees that all obligations and liabilities arising out of the termination of such Terminated Employees, including severance obligations that may be included in employment agreements, shall be the sole responsibility of (i) Seller or (ii) the Acquired Companies, but only if fully and unconditionally discharged and paid on or prior to the Closing Date.

5.4 ACCESS. Subject to the provisions of the Confidentiality Agreement and Section 6, Seller shall, after receiving reasonable advance notice from Purchaser, give Purchaser reasonable access (during normal business hours) to the books, records, properties, facilities and contracts of the Acquired Companies for the purpose of enabling Purchaser to further investigate and inspect, at Purchaser's sole expense, the business, properties, facilities, operations and legal affairs of the Acquired Companies.

5.5 CONDITIONS. Seller shall use reasonable best efforts to ensure that the conditions set forth in Section 7 and Section 8.3 are satisfied on a timely basis.

5.6 PREPARATION OF PROXY STATEMENT; STOCKHOLDERS MEETING.

(a) As soon as practicable following the date of this Agreement, Seller shall prepare and file with the SEC the Proxy Statement. Seller shall use all reasonable best efforts to respond to comments of the SEC concerning the Proxy Statement to enable the SEC to orally confirm that it has no comments, or no further comments, concerning the Proxy Statement ("PROXY CLEARANCE") as promptly as practicable after such filing. Subject to Section 5.7(d), Seller will use its reasonable best efforts to cause the Proxy Statement to be mailed to Seller's

stockholders as promptly as practicable after oral notification of Proxy Clearance. The Proxy Statement shall not be filed, no amendment or supplement thereto shall be made by Seller nor shall the Proxy Statement be distributed without the prior consent of Purchaser and its counsel, which consent shall not be unreasonably withheld or delayed. Seller shall notify Purchaser of the receipt of any comments of the SEC and of any requests by the SEC for amendments or supplements to the Proxy Statement, or for additional information, and shall promptly supply Purchaser with copies of all correspondence between Seller (or its representatives) and the SEC (or its staff) with respect thereto. Whenever any event occurs which is required to be set forth in an amendment or supplement to the Proxy Statement, Seller or Purchaser, as the case may be, will promptly inform the other of such occurrence and cooperate in the filing with the SEC or its staff, and/or mailing to stockholders of Seller, such amendment or supplement.

(b) Subject to Section 5.7(d), Seller will, as soon as reasonably practicable in connection with obtaining Proxy Clearance, establish a record date for, duly call, give notice of, convene and hold the Stockholders Meeting and take all related actions pursuant to DGCL and NASDAQ requirements and Seller's certificate of incorporation and bylaws required for a stockholders meeting. Subject to Section 5.7(d), the Proxy Statement shall include a statement to the effect that Seller's Board of Directors recommended that Seller's stockholders vote in favor of and adopt and approve this Agreement and the transactions contemplated hereby at the Stockholders Meeting.

5.7 COVENANTS COVERING COMPETING TRANSACTIONS FOR THE ACQUIRED COMPANIES; RELATED MATTERS.

(a) From the date hereof until the termination of this Agreement, Seller (and its Affiliates) will not, and Seller (and its Affiliates) will use reasonable best efforts to ensure that their respective officers, directors, employees, investment bankers, attorneys, accountants and other agents do not, directly or indirectly: (i) initiate, solicit or encourage, or take any action to facilitate any inquiries or the making of, any offer or proposal which constitutes or is reasonably likely to lead to any Takeover Proposal (as defined below), or (ii) engage in negotiations or discussions with, or provide any non-public information or data concerning the Acquired Companies or the Business to, any Person (other than Purchaser or any of its Affiliates or representatives) relating to any Takeover Proposal whether made before or after the date of this Agreement, PROVIDED, HOWEVER, that Seller may, in response to an unsolicited bona fide written Takeover Proposal by any Person, disclose such non-public information to or engage in negotiations with such Person, if, prior to taking such actions: (i) the proposal did not result from a breach of this Section 5.7(a), (ii) Seller's Board of Directors determines in good faith after consultation with legal counsel that such action is consistent with its fiduciary duties under applicable law, (iii) the Board of Directors of Seller determines in good faith (after consultation with its financial advisor) that such Takeover Proposal is reasonably likely to be a Superior Proposal, and, (iv) Seller receives from such Person an executed confidentiality agreement with terms no less favorable to Seller than those contained in the Letter Agreement, dated as of June 26, 2000, between Seller and Purchaser ("CONFIDENTIALITY AGREEMENT"). Subject to Section 5.7(d), Seller may not withdraw, qualify or modify, or propose to withdraw, qualify or modify, its position with respect to this Agreement and the transactions contemplated hereby or approve or recommend, or propose to approve or recommend any Takeover Proposal, or enter into any letter of intent, agreement in principal, acquisition agreement or other similar agreement with

respect to any Takeover Proposal. Seller agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Takeover Proposal Interest (as defined below). Seller agrees that it will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence hereof of the obligations undertaken in this Section 5.7. At any time prior to the earlier of the Closing and the termination of this Agreement, Seller shall notify Purchaser as promptly as practicable, and in any event not later than the next day, of any inquiries, expressions of interest, requests for information, proposals or offers received by Seller or any of Seller's representatives relating to a Takeover Proposal (a "TAKEOVER PROPOSAL INTEREST") indicating, in connection with such notice, the name of the Person indicating such Takeover Proposal Interest and the material terms and conditions of any proposals or offers, and thereafter shall keep Purchaser informed, on a current basis, of any material changes in the status and content of any such proposals or offers

(b) As used in this Agreement, "TAKEOVER PROPOSAL" shall mean (1) any proposal for a merger, consolidation or other business combination concerning only the Acquired Companies, (2) any proposal or offer to acquire in any manner, directly or indirectly, any part of the assets or Capital Stock of any or all of the Acquired Companies, and (3) any proposal or offer with respect to any recapitalization or restructuring concerning either of the Acquired Companies or any proposal or offer with respect to any other transaction similar to any of the foregoing relating to any of the Acquired Companies; PROVIDED, HOWEVER, that the term "TAKEOVER PROPOSAL" shall not include a proposal to engage in a merger, consolidation, or business combination transaction or similar transaction involving Seller or a proposal to divest or sell, or a proposal constituting any offer (other than an issuer self-tender offer or stock repurchase) for, any or all of Seller's Capital Stock and which proposal excludes the direct or indirect acquisition of Acquired Stock or the Acquired Companies or the Business. For purposes of this Agreement, "SUPERIOR PROPOSAL" means a Takeover Proposal that involves at least 75% of the fair market value of the assets or Capital Stock of the Acquired Companies, taken as a whole, which the Board of Directors of Seller determines in good faith (based on consultation with its financial advisor, taking into account all of the terms and conditions of the Takeover Proposal, including any conditions to consummation) to be more favorable and provide greater value to Seller than the sale and purchase of the Acquired Stock under this Agreement.

(c) Nothing contained in this Agreement shall prevent Seller or its Board of Directors from taking and disclosing to its stockholders a position contemplated by Rule 14d-9 or complying with Rule 14e-2(a) promulgated under the Exchange Act.

(d) Neither Seller's Board of Directors nor any committee thereof shall withdraw, qualify or modify or propose to withdraw, qualify or modify, in a manner adverse to Purchaser, the approval or recommendation of this Agreement and the transactions contemplated hereby by Seller's Board of Directors unless the Board of Directors of Seller determines in good faith, after consultation with outside counsel, that a failure to withdraw, qualify or modify such approval or recommendation of this Agreement and the transactions contemplated hereby (or propose to do such) would be inconsistent with its fiduciary duties to Seller's stockholders under applicable law. Neither Seller's Board of Directors nor any committee thereof shall (i) approve or recommend, or propose to approve or recommend, a Takeover Proposal that is not a Superior

Proposal or (ii) cause Seller or its Affiliates to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement with respect to a Takeover Proposal that is not a Superior Proposal unless (A) in the case of clause (i) and (ii), Seller's Board of Directors determines in good faith, after consultation with Seller's financial and legal advisors that such action is consistent with their fiduciary duties under applicable law and (B) in the case of clause (ii), Seller complies with the termination provisions of Section 9.

5.8 INTERCOMPANY ACCOUNTS. Immediately prior to the Closing, Seller shall cause: (i) all intercompany accounts (including liabilities) that exist immediately prior to the Closing between any Acquired Company, on the one hand, and Seller or any of its subsidiaries on the other hand; and (ii) at the request of Purchaser, any intercompany accounts between the Acquired Companies that exist immediately prior to the Closing, to be canceled, contributed and/or liquidated on terms reasonably satisfactory to Purchaser without any post-Closing payment or obligation on the part of Seller or its Subsidiaries and without any cost, liability, expense or obligation to the Acquired Companies following the Closing Date.

SECTION 6. PRE-CLOSING COVENANTS OF PURCHASER

6.1 COVENANTS OF PURCHASER. Purchaser agrees that, between the date of this Agreement and the Closing Date, Purchaser shall:

(a) cooperate with Seller and use its reasonable best efforts to cause the conditions to Seller's obligation to close to be satisfied (including, without limitation, the execution and delivery of all agreements contemplated hereunder to be so executed and delivered and the making and obtaining of all third party and governmental filings, authorizations, approvals, consents, releases and terminations);

(b) cooperate with Seller and use reasonable best efforts to obtain all Required Approvals necessary to consummate the transactions contemplated hereby (including, without limitation, all approvals under the HSR Act);

(c) shall not interfere in any manner with the business or operations of the Acquired Companies or with the performance of any of the Acquired Companies' employees; and

(d) furnish all information concerning itself or its involvement in the transactions contemplated by this Agreement as may be reasonably requested by Seller in connection with the preparation, filing and distribution of the Proxy Statement.

6.2 CONDITIONS. Purchaser shall use reasonable efforts to attempt to ensure that the conditions set forth in Section 7.3 and Section 8 are satisfied on a timely basis.

SECTION 7. CONDITIONS TO OBLIGATION OF PURCHASER TO CLOSE

The obligation of Purchaser to purchase the Acquired Stock and otherwise consummate the transactions that are to be consummated at the Closing is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by Purchaser in whole or in part):

7.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties set forth in Section 3 hereof shall be true and correct in all respects (but without regard to any materiality qualifications or references to Material Adverse Effect contained in any specific representation or warranty) as of the Closing Date of this Agreement, except (x) for changes permitted by the terms of this Agreement; (y) that the accuracy of representations and warranties that by their terms speak as of the date of this Agreement or some earlier date will be determined as of such specified date; and (z) where any such failure of the representations and warranties, in the aggregate, to be true and correct in all respects would not have a Material Adverse Effect.

7.2 PERFORMANCE. Seller shall have performed and complied with, in all material respects, all obligations, covenants and agreements required by this Agreement to be performed by Seller on or before the Closing Date.

7.3 STOCKHOLDER APPROVAL. The holders of a majority of the shares of common stock of Seller outstanding on the record date and entitled to vote thereon at the Stockholders Meeting shall have adopted and approved this Agreement and the transactions contemplated hereby.

7.4 REQUIRED APPROVALS. The applicable waiting periods, if any, under the HSR Act shall have expired or been terminated and any other governmental filings, authorizations and approvals that are required for the consummation of the Closing (the "REQUIRED APPROVALS") shall have been obtained, except where the failure to obtain such Required Approvals are not reasonably likely to have a Material Adverse Effect;

7.5 NO INJUNCTION. There shall not be in effect, as of the Closing Date, any (i) injunction or binding order of any court or other tribunal having jurisdiction over Seller or Purchaser that prohibits or makes illegal the purchase of the Acquired Stock by Purchaser and there shall not be pending or threatened on the Closing Date any action, suit or proceeding by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such order, or (ii) law or regulation that is enacted or adopted in final form, that prohibits or makes illegal the purchase of the Acquired Stock by Purchaser.

7.6 CLOSING DELIVERABLES. On or prior to the Closing Date, Seller shall have delivered to Purchaser all of the following:

(a) a certificate from Seller in a form reasonably satisfactory to Purchaser, dated the Closing Date, stating that the preconditions specified in Sections 7.1, 7.2 and 7.3 have been satisfied;

(b) copies of resolutions, certified by the Secretary of Seller, of Seller's board of directors and stockholders approving this Agreement and the transactions contemplated by this Agreement;

(c) certificates of the Secretary of State of the State of Delaware and all other states where any of the Acquired Companies are qualified to do business providing that such Acquired Company is in good standing, except where any failure to be so qualified to do business, individually or in the aggregate, would not give rise to a Material Adverse Effect;

(d) a copy of the certificate of incorporation or equivalent governing document for each Acquired Company, certified by the appropriate authority in the jurisdiction in which such entity was incorporated or organized;

(e) a copy of the bylaws or equivalent governing document for each Acquired Company, certified by an officer of such Acquired Company;

(f) all stock certificates and other instruments evidencing ownership of each of the Acquired Companies;

(g) all minutes books, stock books, ledgers and registers, corporate seals and other corporate records relating to the organization, ownership and maintenance of each Acquired Company;

(h) a counterpart executed copy of an assignment agreement in substantially the form attached hereto as EXHIBIT B of Seller's indemnification rights related to the Acquired Companies under the Asset Purchase Agreement, dated as of December 19, 1999, by and among StaffMark, Inc., StaffMark Acquisition Corporation Seventeen, ClinForce, L.L.C. and Irene Eisgrau Associates, Inc.;

(i) resignation letters delivered by members of the Board of Directors of each Acquired Company, effective as of the Closing;

(j) a legal opinion (subject to certain qualifications and assumptions) of counsel to Seller that such counsel is of the opinion that the Transaction Documents have been duly authorized by Seller and are enforceable against Seller in accordance with applicable law; and

(k) such other documents or instruments as Purchaser may reasonably request to effect the transactions contemplated hereby.

7.7 NEW JERSEY PROPERTIES. For each property owned, leased or operated by any of the Acquired Companies in New Jersey, Seller shall have secured from the New Jersey Department of Environmental Protection ("NJDEP") and provided to Purchaser either (i) a Letter of Non-Applicability under New Jersey's Industrial Site Recovery Act, N.J.S.A. 12:K-6 et seq. ("ISRA"), or (ii) if it is determined that the transactions contemplated at Closing do trigger ISRA, for each of those properties for which ISRA is triggered, a written approval by the NJDEP of a negative declaration affidavit, which affidavit had been submitted by Seller to the NJDEP.

Seller shall provide Purchaser with copies of all submissions to, and any correspondence received from, NJDEP regarding ISRA.

Any condition specified in this Section 7 may be waived by Purchaser in its sole discretion; PROVIDED that no such waiver shall be effective against Purchaser unless it is set forth in a writing executed by Purchaser.

SECTION 8. CONDITIONS TO OBLIGATION OF SELLER TO CLOSE

The obligation of Seller to sell the Acquired Stock to Purchaser and otherwise consummate the transactions that are to be consummated at the Closing is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by Seller in whole or in part):

8.1 ACCURACY OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of Purchaser set forth in Section 4 shall be accurate in all material respects as of the Closing Date.

8.2 PERFORMANCE. Purchaser shall have performed and complied with, in all material respects, all obligations, covenants and agreements required by this Agreement to be performed by Purchaser on or before the Closing Date.

8.3 STOCKHOLDER APPROVAL. The holders of a majority of the shares of common stock of Seller outstanding on the record date and entitled to vote thereon at the Stockholders Meeting shall have adopted and approved this Agreement and the transactions contemplated hereby.

8.4 REQUIRED APPROVALS. The Required Approvals shall have been obtained, except where the failure to obtain such Required Approvals are not reasonably likely to have a Material Adverse Effect;

8.5 NO INJUNCTION. There shall not be in effect, at the Closing Date, any (i) injunction or binding order of any court or other tribunal having jurisdiction over Seller or Purchaser that prohibits or makes illegal the sale of the Acquired Stock by Seller and there shall not be pending or threatened on the Closing Date any action, suit or proceeding by any governmental or regulatory authority which could reasonably be expected to result in the issuance of any such order, or (ii) or law or regulation that is enacted or adopted in final form, that prohibits or makes illegal the sale of the Acquired Stock by Seller.

8.6 CLOSING DELIVERABLES. On or prior to the Closing Date, Purchaser shall have delivered to Seller all of the following:

(a) a certificate from Purchaser in a form reasonably satisfactory to Seller, dated the Closing Date, stating that the preconditions specified in Sections 8.1 and 8.2 have been satisfied;

(b) copies of resolutions, certified by the Secretary of Purchaser, of the stockholders of Purchaser and of Purchaser's board of directors approving this Agreement and the transactions contemplated by this Agreement;

(c) certificates of the Secretary of State of the State of Delaware and all other states where Purchaser is qualified to do business providing that Purchaser is in good standing, except where any failure to be so qualified to do business, individually or in the aggregate, would not give rise to a Material Adverse Effect;

(d) a copy of the certificate of incorporation and bylaws or equivalent governing documents of Purchaser certified by the appropriate authority in the jurisdiction in which such entity was incorporated or organized;

(e) a legal opinion (subject to certain qualifications and assumptions) of counsel to Purchaser that such counsel is of the opinion that the Transaction Documents have been duly authorized by Purchaser and are enforceable against Purchaser in accordance with applicable law;

(f) a counterpart executed copy of an assumption agreement in substantially the form attached hereto as EXHIBIT C whereby Purchaser and the Acquired Companies assume certain specified obligations of Seller related to the Acquired Companies; and

(g) such other documents or instruments as Seller may reasonably request to effect the transactions contemplated hereby.

Any condition specified in this Section 8 may be waived by Seller in its sole discretion; PROVIDED that no such waiver shall be effective unless it is set forth in a writing executed by Seller.

SECTION 9. TERMINATION OF AGREEMENT

9.1 RIGHT TO TERMINATE AGREEMENT. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written agreement of Seller and Purchaser;

(b) by Seller or Purchaser, if the Closing has not occurred on or prior to June 30, 2001; PROVIDED, HOWEVER, that neither Purchaser nor Seller shall be entitled to terminate this Agreement pursuant to this Section 9.1(b) if such party's failure to fulfill any of its obligations in any material respect under this Agreement has prevented the consummation of the transactions contemplated hereby at or prior to such time;

(c) by Seller or Purchaser, if there shall be in effect any (i) final, non-appealable injunction or binding order of any court or other tribunal having jurisdiction over Seller or Purchaser that prohibits or makes illegal the purchase of the Acquired Stock by Purchaser or (ii) law or regulation that is enacted or adopted in final form, that prohibits or makes illegal the purchase of the Acquired Stock by Purchaser.

(d) by Seller (subject to Seller's compliance in certain circumstances with Section 9.2(b)) or Purchaser, if this Agreement and the transactions contemplated hereby shall not have been approved at the Stockholders' Meeting in accordance with the Stockholder Vote Condition;

(e) by Purchaser, upon breach of any material representation, warranty or covenant on the part of Seller set forth in this Agreement, or if any representation or warranty of Seller shall have become untrue, in either case such that the conditions set forth in Section 7.1 or 7.2 would not be satisfied (a "TERMINATING SELLER BREACH"); PROVIDED, HOWEVER, that, if such Terminating Seller Breach is curable by Seller through exercise of all reasonable efforts and for so long as Seller continues to exercise such reasonable efforts, Purchaser may not terminate this Agreement under this Section 9.1(e); and PROVIDED FURTHER that the preceding proviso shall not in any event be deemed to extend any date set forth in clause (b) of this Section 9.1;

(f) by Seller, upon breach of any material representation, warranty or covenant on the part of Purchaser set forth in this Agreement, or if any representation or warranty of Purchaser shall have become untrue, in either case such that the conditions set forth in Section 8.1 or 8.2 would not be satisfied (a "TERMINATING PURCHASER BREACH"); PROVIDED, HOWEVER, that, if such Terminating Purchaser Breach is curable by Purchaser through exercise of all reasonable efforts and for so long as Purchaser continues to exercise such reasonable efforts, Seller may not terminate this Agreement under this Section 9.1(f); and PROVIDED FURTHER that the preceding proviso shall not in any event be deemed to extend any date set forth in clause (b) of this Section 9.1;

(g) by Purchaser under circumstances where (i) Seller's Board of Directors or any committee thereof withdraws, qualifies, or modifies, or proposes to withdraw, qualify or modify, in a manner adverse to Purchaser, the approval or recommendation of this Agreement and the transactions contemplated hereby by Seller's Board of Directors, (ii) Seller shall have failed to include in the Proxy Statement the recommendation of Seller's Board of Directors in favor of the adoption and approval of this Agreement and the transactions contemplated hereby, or (iii) Seller's Board of Directors or any committee thereof shall have approved or recommended, or proposed to approve or recommend, a Takeover Proposal; or

(h) by Seller (subject to having complied with Section 5.7(d) and its compliance with Section 9.2(b)) or Purchaser, if Seller or its Affiliates shall have entered into a letter of intent, agreement in principle, acquisition agreement or other similar agreement with respect to a Takeover Proposal (a "DEFINITIVE COMPETING AGREEMENT").

Such right of termination shall be exercised by written notice of termination given by the terminating party to the other party hereto in the manner hereinafter provided.

9.2 EFFECT OF TERMINATION. (a) Subject to Sections 9.2(b) and 9.2(c) below, upon the termination of this Agreement pursuant to Section 9.1, each party's right of termination under Section 9.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 9.1, all further obligations of the parties under this Agreement will terminate, except that the obligations in Sections 9.2(b), 9.2(c), 9.2(d) and Sections 12.5 and 12.12 will survive; PROVIDED, HOWEVER, that if this Agreement is terminated by a party because of the breach of the Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

(b) If or Purchaser shall have terminated this Agreement:

(i) pursuant to clause (d) of Section 9.1, Seller shall, within one business day after the Stockholders Meeting, pay to Purchaser a termination fee of $500,000, payable in same day funds, if on or before the date of the Stockholders Meeting a Takeover Proposal shall have been disclosed, announced, commenced, submitted or made and either (A) such Takeover Proposal shall not have been affirmatively rejected by the Board of Directors of Seller or (B) Seller's Board of Directors shall have failed to recommend to Seller's stockholders the approval of this Agreement and the transactions contemplated hereby or withdrew, adversely modified or qualified any such recommendation previously given;

(ii) pursuant to clause (g) of Section 9.1, Seller shall, within one business day following termination after such action or inaction specified therein, as the case may be, pay to Purchaser a termination fee of $500,000, in same day funds; or

(iii) pursuant to clause (h) of Section 9.1, then Seller shall, on the day of execution of a Definitive Competing Agreement or, if such day is not a business day, the following business day, pay to Purchaser a termination fee of $1,240,000 payable in same day funds.

(c) Any payment made pursuant to clause (i), (ii) or (iii) of Section 9.2(b) shall obviate any obligation to make a payment under any other clause of Section 9.2(b). If, following the occurrence of any event described in Section 9.2(b)(i) or Section 9.2(b)(ii), Seller or its Affiliates shall execute a Definitive Competing Agreement concerning a Takeover Proposal on or before the one-year anniversary of the date of termination of this Agreement pursuant to Section 9.1(d) or Section 9.1(g), as the case may be, Seller shall within one business day of such execution date pay to Purchaser a fee of $740,000 payable in same day funds, in addition to the $500,000 fee previously paid under Section 9.2(b)(i) or 9.2(b)(ii), as the case may be. It is expressly agreed that the remedies of Purchaser set forth in Section 9.2(b) and this Section 9.2(c) shall be its exclusive remedies for any termination of this Agreement pursuant to Sections 9.1(d), (g) or (h) hereof (and there shall be no other remedy for any other basis for termination hereunder) and, after any payment called for by this Section 9.2, following such termination and payment, all other obligations of Seller under this Agreement shall terminate.

(d) Notwithstanding the occurrence of any termination pursuant to Section 9.1 hereof, no such termination shall have any effect upon the Confidentiality Agreement, which shall remain in full force and effect following any such termination.

SECTION 10. INDEMNIFICATION RELATED MATTERS; TAXES

10.1 EXPIRATION OF REPRESENTATIONS, WARRANTIES AND COVENANTS. Except as set forth in the proviso hereto and except for Sections 5.3, 10.2, 10.3 and 11 hereof and the terms of the Confidentiality Agreement, the terms of which shall survive the Closing in accordance with the terms hereof and thereof, all of the representations, warranties and covenants of Seller and Purchaser set forth in this Agreement shall terminate and expire, and shall cease to be of any force or effect, on the Closing Date, and all liability of Seller and Purchaser with respect to such representations, warranties and covenants shall thereupon be extinguished; PROVIDED, HOWEVER,

that for the limited purposes of asserting an indemnification claim pursuant to Section 10.2, the provisions of introductory clause of Section 3 and (i) the representations and warranties in Sections 3.5, 3.18 and 3.19 hereof shall survive the Closing and shall expire on the eighteen (18) month anniversary of the Closing Date, (ii) the representations and warranties in Section 3.16 hereof shall survive the Closing and shall expire on the second anniversary of the Closing Date, and (iii) the representations and warranties in Sections 3.2 and 3.3 hereof shall survive the Closing and shall remain in full force and effect for an unlimited time.

10.2 INDEMNIFICATION BY SELLER.

(a) Except for any claims for Damages under this Section 10.2 that properly constitute claims for Taxes under Section 10.3 (which claims shall be governed exclusively by Section 10.3 hereof and not by this Section 10.2), and subject to the provisions and limitations set forth in this Section 10.2, Seller shall indemnify Purchaser and the Acquired Companies and their respective directors and officers (each, an "INDEMNIFIED PARTY") against any Damages that an Indemnified Party incurs as a result of any misrepresentation or breach of any representation or warranty of Seller set forth in Sections 3.2, 3.3, 3.5, 3.16, 3.18 or 3.19 of this Agreement.

(b) Without limiting the effect of any of the other limitations set forth herein, Seller shall not be required to make any indemnification payment under Section 10.2 hereof with respect to any breach of any of such representations and warranties referenced in this Section 10.2, except to the extent that the cumulative amount of the Damages actually incurred by the Indemnified Parties as a result of all such breaches of such representations and warranties actually exceeds the Deductible Amount (defined below); and Seller shall only be required to pay, and shall only be liable for, the amount by which the cumulative amount of the Damages actually incurred by the Indemnified Parties exceeds the Deductible Amount. The "DEDUCTIBLE AMOUNT" shall be $250,000 and there shall be excluded from the Deductible Amount any and all Damages with respect to Taxes, which shall be governed exclusively by Section 10.3 hereof.

(c) The total amount of the payments that Seller can be required to make under or in connection with Section 10.2 of this Agreement (including all indemnification payments required to be made to the Indemnified Parties and all amounts payable to any counsel retained by Seller in accordance with this Section 10.2) shall be limited in the aggregate to a maximum amount equal to the Purchase Price, and Seller's cumulative liability shall in no event exceed such amount.

(d) For purposes of this Section 10.2 only, Seller shall not be deemed to have breached any representation or warranty if the Indemnified Party had, on or prior to the Closing Date, any Knowledge of the breach of such representation or warranty.

(e) Purchaser acknowledges that, except as expressly provided in Section 3, Seller has not made or is not making any representations or warranties whatsoever, implied or otherwise.

(f) All claims for indemnification by any Indemnified Party under Section 10.2 will be asserted and resolved as follows:

(i) In the event any claim or demand in respect of which an Indemnified Party might seek indemnity under Section 10.2(a) is asserted against or sought to be collected from such Indemnified Party by a Person other than Seller (a "THIRD PARTY CLAIM"), the Indemnified Party shall deliver a Claim Notice with reasonable promptness to Seller. If the Indemnified Party fails to provide the Claim Notice with reasonable promptness after the Indemnified Party receives notice of such Third Party Claim, Seller will not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim to the extent that Seller's ability to defend has been materially prejudiced by such failure of the Indemnified Party. Seller will notify the Indemnified Party as soon as practicable within the Dispute Period whether Seller disputes its liability to the Indemnified Party under Section 10.2, and whether Seller desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim.

(A) If Seller notifies the Indemnified Party within the Dispute Period that Seller desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 10.2(f), then Seller will have the right to defend, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of Seller, such Third Party Claim by all appropriate proceedings, which proceedings will be vigorously and diligently prosecuted by Seller to a final conclusion or will be settled at the discretion of Seller (but only with the consent of the Indemnified Party in the case of any settlement that provides for any relief other than the payment of monetary damages or that provides for the payment of monetary damages as to which the Indemnified Party will not be indemnified in full (minus the Deductible Amount) pursuant to Section 10.2). Seller will have full control of such defense and proceedings; PROVIDED, HOWEVER, that the Indemnified Party may, at the sole cost and expense of the Indemnified Party, at any time prior to Seller's delivery of the notice referred to in the first sentence of this clause (A), file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests; and PROVIDED FURTHER, that if requested by Seller, the Indemnified Party will, at the sole cost and expense of Seller, provide reasonable cooperation to Seller in contesting any Third Party Claim that Seller elects to contest. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by Seller pursuant to this clause (A), and except as provided in the preceding sentence, the Indemnified Party will bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnified Party may take over the control of the defense or settlement of a Third Party Claim at any time if it irrevocably waives its right to indemnity under Section 10.2, with respect to such Third Party Claim.

(B) If Seller fails to notify the Indemnified Party within the Dispute Period that Seller desires to defend the Third Party Claim pursuant to Section 10.2 or if Seller gives such notice but fails to prosecute vigorously and diligently or settle the Third Party Claim, or if Seller fails to give any notice whatsoever within the Dispute Period in respect of the foregoing, then the Indemnified Party will have the right to defend, at the sole cost and expense of Seller, the Third Party Claim by all commercially reasonable proceedings, which proceedings will be prosecuted by the Indemnified Party in a reasonable manner and in good faith or will be settled at the discretion of the Indemnified Party (with the consent of Seller, which consent will not be unreasonably withheld). The Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof; PROVIDED, HOWEVER, that if

requested by the Indemnified Party, Seller will, at its sole cost and expense, provide reasonable cooperation to the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting. Notwithstanding the foregoing provisions of this clause (B), if Seller has notified the Indemnified Party within the Dispute Period that Seller disputes its liability hereunder to the Indemnified Party with respect to such Third Party Claim and if such dispute is resolved in favor of Seller in the manner provided in clause (C) below, Seller will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this clause (B) or of Seller's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse Seller in full for all reasonable costs and expenses incurred by it in connection with such litigation. Seller may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this clause (B), and Seller will bear its own costs and expenses with respect to such participation.

(C) If Seller notifies the Indemnified Party that it does not dispute its liability to the Indemnified Party with respect to the Third Party Claim under Section 10.2, or fails to notify the Indemnified Party within the Dispute Period whether Seller disputes its liability to the Indemnified Party with respect to such Third Party Claim, the Damages in the amount specified in the Claim Notice will be conclusively deemed a liability of Seller under Section 10.2, and Seller shall pay the amount of such Damages to the Indemnified Party on demand. If Seller has timely disputed its liability with respect to such claim, Seller and the Indemnified Party will proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved in accordance with paragraph (iii) of this Section 10.2(f).

(ii) In the event any Indemnified Party should have a claim under Section 10.2 against Seller that does not involve a Third Party Claim, the Indemnified Party shall deliver an Indemnity Notice with reasonable promptness to Seller. The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that Seller demonstrates that it has been materially prejudiced thereby. If Seller notifies the Indemnified Party that it does not dispute the claim described in such Indemnity Notice or fails to notify the Indemnified Party within the Dispute Period that Seller disputes the claim described in such Indemnity Notice, the Damages in the amount specified in the Indemnity Notice will be conclusively deemed a liability of Seller under Section 10.2, and Seller shall pay the amount of such Damages to the Indemnified Party on demand. If Seller has timely disputed its liability with respect to such claim, Seller and the Indemnified Party will proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations within the Resolution Period, such dispute shall be resolved in accordance with paragraph (iii) of this Section 10.2.

(iii) Any dispute pursuant to this Section 10.2 between the parties hereto and any Indemnified Party that is not a party hereto shall be finally and conclusively determined by the decision of a board of mediators consisting of three (3) members (hereinafter sometimes called the "BOARD OF MEDIATORS") selected as hereinafter provided. Each of the Indemnified Party and Seller shall select one (1) member and the third member shall be selected by mutual agreement of the other members, or if the other members fail to reach agreement on a third member within ten (10) days after their selection, such third member shall thereafter be selected by the American Arbitration Association upon application made to it for such purpose

by the Indemnified Party. Each of the Indemnified Party and Seller shall submit to the Board of Mediators the amount, if any, such party reasonably believes Seller is required to pay the Indemnified Party in respect of a claim filed by the Indemnified Party together with any supporting documentation necessary or appropriate to calculate such amount. The Board of Mediators shall meet in Boston, Massachusetts or such other place as a majority of the members of the Board of Mediators determines more appropriate, and shall reach and render a decision in writing (concurred by a majority of the members of the Board of Mediators) stating solely whether they agree with the amount submitted by Seller or the amount submitted by the Indemnified Party. The Board of Mediators' decision shall be limited to choosing between the two amounts presented and they shall not be permitted to disagree with both amounts submitted nor shall they be permitted to deviate from such amounts or propose an alternative resolution to the dispute. In connection with rendering its decisions, the Board of Mediators shall adopt and follow such rules and procedures as a majority of the members of the Board of Mediators deems necessary or appropriate. The decision of the Board of Mediators shall be rendered no more than thirty (30) calendar days following commencement of proceedings with respect thereto. The Board of Mediators shall cause its written decision to be delivered to the Indemnified Party and Seller. The decision of the Board of Mediators shall be final, binding and conclusive on the Indemnified Party and Seller and entitled to be enforced to the fullest extent permitted by law and entered in any court of competent jurisdiction. Each party to any mediation shall bear its own expense in relation thereto, including but not limited to such party's attorneys' fees, if any, and the expenses and fees of the member of the Board of Mediation appointed by such party, PROVIDED, HOWEVER, that the expenses and fees of the third member of the Board of Mediation and any other expenses of the Board of Mediation not capable of being attributed to any one member shall be borne in equal parts by Seller and the Indemnified Party.

(g) The right of the Indemnified Parties to assert indemnification claims and receive indemnification payments pursuant to this Section 10.2 shall be the sole and exclusive right and remedy exercisable with respect to the breach of any representation or warranty specifically referenced in (and not excluded from) this Section 10.2. The Indemnified Parties acknowledge that the remedies for a breach of a representation or warranty of Seller under this Agreement shall be exclusively limited to the remedies under the provisions of Section 10.2 of this Agreement.

10.3 TAX MATTERS

(a) From and after the Closing Date until 90 days after the expiration date of the applicable statute of limitations, Seller agrees to indemnify, without any gross-up for Taxes except as provided below, Purchaser and each Acquired Company against all Taxes: (i) relating to any Acquired Company (including Taxes arising out of the matters described in the LITIGATION SCHEDULE) for (A) any taxable period that ends on or before the Closing Date or (B) the portion ending on the Closing Date of any taxable period ending after the Closing Date; (ii) imposed on any Acquired Company under Treasury Regulations section 1.1502-6 or any similar state, local or foreign provision; PROVIDED, HOWEVER, that no indemnity shall be provided under this Agreement for any Taxes resulting from any transaction of any Acquired Company occurring after the Closing other than the deemed sales and liquidations resulting from the Section 338(h)(10) Elections as to which, subject to Section 10.3(j)(i), indemnity shall be provided; or (iii) relating to the failure of Seller to be the common parent of an affiliated group (as defined in

Code section 338(h)(5)) of which the Acquired Companies, on and before the Closing Date, are members or the failure of such affiliated group to file consolidated federal income tax returns for all periods of the Acquired Companies ending on or before the Closing Date. Any indemnity payment made hereunder by Seller to Purchaser shall, in accordance with Section 10.3(n)(i), be treated as an adjustment to the Purchase Price for Tax purposes; PROVIDED, HOWEVER, that to the extent all or any portion of any indemnification payment made pursuant to this Section 10.3 is finally determined by an applicable Tax authority to be treated other than as an adjustment to the Purchase Price and the payment of such claim is considered taxable income to Purchaser, then Seller shall also indemnify Purchaser for the amount of Taxes to be paid on such claim.

(b) From and after the Closing Date until the expiration date of the applicable statute of limitations, Purchaser and the Acquired Companies shall indemnify, without any gross-up for Taxes except as provided below, Seller and its Affiliates against all Taxes resulting from any transaction of any such Acquired Company occurring after the Closing. Any indemnity payment made hereunder by Purchaser to Seller shall, in accordance with Section 10.3(n)(i), be treated as an adjustment to the Purchase Price for Tax purposes; PROVIDED, HOWEVER, that to the extent all or any portion of any indemnification payment made pursuant to this Section 10.3 is finally determined by an applicable Tax authority to be treated other than as an adjustment to the Purchase Price and the payment of such claim is considered taxable income to Seller, then Purchaser shall also indemnify Seller for the amount of Taxes to be paid on such claim.

(c) Payment by the Tax indemnitor of any amount due under this Section 10.3 shall be made within ten days following written notice by the Tax indemnitee that payment of such amounts to the appropriate Tax authority is due; PROVIDED, that, the Tax indemnitor shall not be required to make any payment earlier than five days before it is due to the appropriate Tax authority. The provisions of the immediately preceding sentence shall apply with respect to a payment of Tax that is due despite the fact that the Tax is being contested; PROVIDED, HOWEVER, that the Tax indemnitor may post a bond or take any other action (that does not have any cost to, or adverse effect on, the Tax indemnitee) that prevents the payment of the Tax from becoming due.

(d) For purposes of this Agreement, in the case of any Tax that is imposed on a periodic basis and is payable for a period that begins before the Closing Date and ends after the Closing Date, the portion of such Taxes payable for the portion of the period ending on the Closing Date shall be (i) in the case of any Tax other than a Tax based upon or measured by income, the amount of such Tax for the entire period multiplied by a fraction, the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period and (ii) in the case of any Tax based upon or measured by income, the amount which would be payable if the taxable year ended on the Closing Date. Any credit that cannot be prorated pursuant to clause (ii) of the immediately preceding sentence shall be prorated based upon the fraction employed in clause (i) thereof.

(e) Purchaser shall promptly pay to Seller any refund or credit (including any interest paid or credited with respect thereto) received by Purchaser or any Acquired Company of Taxes: (i) relating to taxable periods or portions thereof ending on or before the Closing Date; or (ii) attributable to an amount paid by Seller under Section 10.3(a) hereof, reduced in each case by the amount of any liability for Taxes incurred by Purchaser or the Acquired Companies as the

result of the receipt of the refund or credit. Purchaser shall, if Seller so requests and at Seller's expense, cause the relevant entity to file for and obtain any refund to which Seller is entitled under this Section 10.3(e). Purchaser shall permit Seller to control (at Seller's expense) the prosecution of any such refund claim, and shall cause the relevant entity to authorize by appropriate power of attorney such persons as Seller shall designate (subject to Purchaser's approval, which shall not be unreasonably withheld) to represent such entity with respect to such refund claim.

(f) Purchaser and each Acquired Company shall elect, whenever permitted, to relinquish the entire carryback period with respect to any net operating loss, capital loss or Tax credit attributable to Purchaser or such Acquired Company in any taxable period beginning after the Closing Date that could be carried back to a taxable year of an Acquired Company ending on or before the Closing Date; whenever such an election is not permitted, Purchaser or any such Acquired Company may carry back such net operating loss, capital loss or Tax credit, as the case may be, to such prior taxable year and Seller shall pay to Purchaser, any Acquired Company, or any of their Affiliates any refund or credit of Taxes that results from such carryback.

(g) After the Closing Date, Purchaser shall promptly notify Seller in writing of the commencement of any Tax audit or administrative or judicial proceeding or of any written demand or claim on Purchaser or any Acquired Company which, if determined adversely to the taxpayer would be grounds for indemnification under Section 10.3(a) or (b). Such notice shall include copies of any notice or other document received from any taxing authority in respect of any such asserted Tax liability. If Purchaser fails to give Seller prompt notice of an asserted Tax liability as required by this Section 10.3(g), then, if Seller is precluded by the failure to give prompt notice from contesting the asserted Tax liability in either the applicable administrative or the judicial forum, then Seller shall not have any obligation to indemnify for any loss arising out of such asserted Tax liability.

(h) Seller may elect to direct, through Tax counsel of its own choosing (subject to Purchaser's approval, which shall not be unreasonably withheld) and at its own expense, the portion of any audit, claim for refund and administrative or judicial proceeding involving any asserted liability with respect to which indemnity may be sought under Section 10.3(a) (that portion of any such audit, claim for refund or proceeding relating to an asserted Tax liability is referred to herein as a "CONTEST"). If Seller elects to direct a Contest, it shall within 30 calendar days of receipt of the notice of asserted Tax liability, notify Purchaser in writing of its intent to do so and may not thereafter contest its obligation to indemnify Purchaser with respect to the subject matter of such Contest (but only with respect to such Taxes that are determined by the applicable Tax authority in such Contest to be Taxes that relate to any date, period, or portion of a period ending before the Closing Date), and Purchaser shall (i) cooperate and shall cause each Acquired Company or its respective successor or successors to cooperate, at Seller's expense, in each phase of such Contest and (ii) promptly empower and shall cause the Acquired Companies or their respective successors promptly to empower (by power of attorney and such other documentation as may be reasonably necessary and appropriate) such representatives of Seller as it may designate (subject to Purchaser's approval, which shall not be unreasonably withheld) to represent Purchaser or the Acquired Companies or their respective successors in the Contest insofar as the Contest involves an asserted Tax liability for which Seller would be liable under Section 10.3(a). If Seller elects not to direct the Contest, fails to notify Purchaser of its

election as herein provided or contests its obligation to indemnify under Section 10.3(a), Purchaser or any Acquired Company may pay, compromise or contest such asserted Tax liability. In any event, Seller may participate, at Seller's expense, in the Contest.

(i) Seller shall prepare and file any Tax Returns and schedules relating to the Acquired Companies for the period ending on or before the Closing Date. Such Tax Returns and schedules shall be prepared on a basis consistent with those prepared for prior Tax years unless a different treatment of any item is required by an intervening change in law. Purchaser shall prepare or cause each Acquired Company to prepare any Tax Return relating to such Acquired Company for any period ending after the Closing Date.

(j) The parties agree as follows with respect to Section 338(h)(10) of the Code:

(i) Seller and, if applicable, its subsidiaries other than the Acquired Companies (the "NON-ACQUIRED SUBSIDIARIES") shall join with Purchaser in making a timely election under Section 338(h)(10) of the Code (and any corresponding election permitted under state or local tax law) with respect to the transactions contemplated hereby (the "SECTION 338(h)(10) ELECTIONS"); PROVIDED, HOWEVER, that Purchaser shall indemnify Seller for the Taxes that are imposed by any state taxing jurisdiction with respect to any Acquired Company as a result of any such Section 338(h)(10) Election to the extent that those Taxes exceed the amount of Taxes that would be imposed by that state taxing jurisdiction on a sale of the assets of the applicable Acquired Company and the Tax-free liquidation of that Acquired Company. At the closing, Seller shall deliver to Purchaser Internal Revenue Service Form 8023 and any other state or local forms required for the Section 338(h)(10) Elections (collectively, the "SECTION 338 FORMS"), each of the Section 338 Forms having been signed by Seller and any Non-acquired Subsidiaries requested by Purchaser. Each of the Section 338 Forms shall to the extent possible be completed at or prior to the Closing. To the extent that any item on a form has not been so completed, Purchaser's accountants shall complete the form in accordance with the purchase price allocation provided for in paragraph (ii) below. Seller shall at any time and from time to time after the Closing cooperate with Purchaser in connection with the Section 338 Elections, including the signing by Seller and the Non-acquired Subsidiaries of any forms that Purchaser may reasonably request in order to accomplish the Section 338 Elections. Purchaser and the Non-acquired Subsidiaries shall include any income, gain, loss, deduction, or other tax item resulting from the Section 338(h)(10) Elections on their Tax Returns to the extent required by applicable federal, state or local law. Purchaser shall be responsible for the preparation and filing of the Section 338 Forms. At least 30 days prior to the filing of the Section 338 Forms by Purchaser, Purchaser shall furnish such forms to Seller for Seller's review and approval, which approval shall not be unreasonably withheld.

(ii) The Purchase Price and the liabilities of the Acquired Companies (plus other relevant items) (the "ALLOCABLE AMOUNT") shall be allocated to the categories of assets of the Acquired Companies for all purposes (including Tax and financial accounting) as shown on the "ALLOCATION SCHEDULE" attached hereto (which reflect the assets and liabilities of the Acquired Companies as of October 31, 2000), as adjusted to reflect: (i) changes in the amount of the Acquired Companies' liabilities from October 31, 2000

through the Closing Date and (ii) changes in the amounts of the Acquired Companies' assets from October 31, 2000 through the Closing Date; PROVIDED, HOWEVER, that the Allocable Amount shall be allocated among classes or categories of assets as provided by the Code and the related Treasury regulations, PROVIDED, FURTHER, that Purchaser shall provide the final allocation to Seller and consult with Seller prior to filing. The relative fair market values of the assets within each category and the amount allocated to the particular assets within each category shall be determined by Purchaser in a manner consistent with any requirements of the Code. Seller, Seller's subsidiaries, Purchaser and the Acquired Companies shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with such allocation.

(k) All tax sharing agreements or similar agreements with respect to or involving the Acquired Companies shall be terminated as of the Closing Date and, after the Closing Date, the Acquired Companies shall not be bound thereby or have any liability thereunder.

(l) Subject to the agreements in the other subsections of this Section 10.3, Seller and Purchaser will provide each other with such cooperation and information as either of them reasonably may request of the other in filing any Tax Return, amended Tax Return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes or participating in or conducting any audit or other proceeding in respect of Taxes. Such cooperation and information shall include providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules and related work papers and documents relating to rulings or other determinations by taxing authorities. Each party shall make its employees available on a mutually convenient basis to provide explanations of any documents or information provided hereunder. Each party will retain all Tax Returns, schedules and work papers and all material records or other documents relating to Tax matters of the Acquired Companies for the taxable period first ending after the Closing Date and for all prior taxable periods until the later of: (i) 90 days after the expiration of the statute of limitations of the taxable periods to which such Tax Returns and other documents relate, without regard to extensions except to the extent notified by the other party in writing of such extensions for the respective Tax periods; or (ii) eight years following the due date (without extension) for such Tax Returns. Any information obtained under this Section 10.3(l) shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

(m) Purchaser agrees to assume liability for and to pay all sales, use, transfer, stamp, stock transfer, real property transfer and similar Taxes incurred as a result of the Closing Transactions contemplated hereby.

(n) The Parties agree as follows with respect to the following miscellaneous Tax matters:

(i) The parties agree to treat all indemnification payments made under this Agreement as adjustments to the Purchase Price for Tax purposes;

(ii) Section 10.3 shall be the sole provision governing Tax matters and indemnities therefor under this Agreement;

(iii) For purposes of this Section 10.3 all references to Purchaser, Seller, and the Acquired Companies include successors; and

(iv) The covenants and agreements of the parties hereto contained in this Section 10.3 shall survive the Closing and shall remain in full force and effect until 90 days after the expiration of all statutes of limitations with respect to any Taxes that would be indemnifiable by Seller under Section 10.3(a) of this Agreement or by Purchaser under Section 10.3(b) of this Agreement.

SECTION 11. ADDITIONAL COVENANTS

11.1 COVENANT OF SELLER NOT TO COMPETE: NONSOLICITATION. In consideration of the Purchase Price to be received under this Agreement, Seller agrees that, for a period of two (2) years after the Closing Date, it shall not directly or indirectly, do any of the following:

(a) own, manage, operate, control, act as consultant or advisor to, render any services for, have any financial interest in, or otherwise be connected in any manner with the ownership, management, operation or control of any person, firm, partnership, corporation, or other entity that is engaged in the permanent placement and temporary staffing of clinical trials support services personnel (the "BUSINESS") anywhere within North America; PROVIDED, HOWEVER, that any one or more of the following items shall in no way breach, violate, or otherwise in any manner conflict with the noncompetition covenant in the preceding clause: (i) the operation by Seller directly or indirectly of all or a portion of its e-solutions, e-services, e-consulting, system hosting, web-hosting, custom software application development, custom system integration development and network configuration businesses (collectively, "E-SERVICES") and any maintenance for any such software or system development, including the rendering of any E-Services for, any Internet-based system or service for the temporary or permanent placement and staffing of clinical trials support services personnel; and (ii) the ownership of not more than five percent (5%) of any class of securities of any Person that engages in the Business and has a class of securities registered pursuant to Section 12 of the Exchange Act; or

(b) solicit the Business of any Person who to Seller's Knowledge is a customer of the Acquired Companies or any Business from any Person who was a customer or account of any of the Acquired Companies at the time of the Closing or within the preceding one year period; PROVIDED, HOWEVER, that nothing in this Section 11.1 (b) shall restrict in any manner the ability of Seller or any of its Non-acquired Subsidiaries to solicit customers, suppliers, licensees, licensors or other business relations of the Acquired Companies in connection with operating the business of Seller and/or its Non-acquired Subsidiaries so long as such business does not violate Section 11.1(a).

11.2 CONFIDENTIALITY. Seller shall treat and hold as confidential for a period of two years following the Closing Date any information concerning the business and affairs of the Acquired Companies that is not available to the public as of the date of this Agreement or hereafter during such two-year period through no breach of this covenant by Seller (the "CONFIDENTIAL INFORMATION"), refrain from using any of the Confidential Information, except in connection with this Agreement, and deliver promptly to Purchaser or destroy, at the request and option of Purchaser, all tangible embodiments (and all copies) of the Confidential Information

which are Seller's possession or under Seller's control. In the event that Seller is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand or similar process) to disclose any Confidential Information, Seller shall notify Purchaser promptly of the request or requirement so that Purchaser may seek an appropriate protective order at Purchaser's expense or waive compliance with the provisions of this Section 11.2. If, in the absence of a protective order or the receipt of a waiver hereunder, Seller on the advice of counsel, is compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, Seller may disclose the Confidential Information to the tribunal; PROVIDED, HOWEVER, that such disclosing Person shall use his or its reasonable best efforts to obtain, at the expense and request of Purchaser, an order or other assurance that confidential treatment shall be accorded to such expense and portion of the Confidential Information required to be disclosed as Purchaser shall designate.

11.3 DIVISIBILITY. Seller acknowledges that all of the foregoing provisions of Section 11 are reasonable and are necessary to protect and preserve the value of the Acquired Companies and to prevent any unfair advantage being conferred on Seller. If any of the covenants set forth in this Section are held to be unreasonable, arbitrary, or against public policy, the restrictive time period herein shall be deemed to be the longest period permissible by law under the circumstances and the restrictive geographical area herein shall be deemed to comprise the larger territory permissible by law under the circumstances.

11.4 TAX-QUALIFIED PLANS. On the Closing Date or as soon as practicable thereafter, Purchaser shall permit any active employee of an Acquired Company who has an account balance under the Edgewater Technology 401(k) Savings Plan (a "PARTICIPANT") to rollover (whether by direct or indirect rollover, as selected by such Participant) his or her "eligible rollover distribution" (as defined under Section 402(c)(4) of the Code) from the Edgewater Technology 401(k) Savings Plan to a retirement plan maintained by Purchaser or its affiliates that contains a cash or deferred arrangement under Section 401(k) of the Code ("PURCHASER 401(k) PLAN"). Seller acknowledges that on and after the Closing Date the account balances of employees of the Acquired Companies shall be distributable from the Edgewater Technology 401(k) Savings Plan in accordance with Section 401(k)(10) of the Code. Seller and the Edgewater Technology 401(k) Savings Plan shall not place any Participant's plan loan into default or declare a default with respect to any plan loan during the six-month period following the Closing Date or such shorter period as requested by Purchaser, so long as such Participant continues to make payments where due and transfers his or her account balance under the Edgewater Technology 401(k) Savings Plan, together with the note evidencing the plan loan, to the Purchaser 401(k) Plan through a direct rollover on or as soon as administratively practicable following the Closing. Purchaser shall be responsible for forwarding all loan payments under the Edgewater Technology 401(k) Savings Plan to the trustee of the Edgewater Technology 401(k) Savings Plan. Purchaser shall amend the Purchaser 401(k) Plan and Seller shall amend the Edgewater Technology 401(k) Savings Plan to the extent necessary in order to effectuate the transactions contemplated under this Section 11.4. Seller and Purchaser shall cooperate with each other (and cause the trustees of the Edgewater Technology 401(k) Savings Plan and Purchaser 401(k) Plan to cooperate with each other) with respect to the rollover of the distributions to the Participants.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 TIME OF ESSENCE. Time is of the essence of this Agreement.

12.2 COMPLIANCE WITH LAWS. Purchaser and Seller shall execute such agreements and other documents, and shall take such other actions, as Seller and Purchaser, as the case may be, may reasonably request (prior to, at or after the Closing) for the purpose of ensuring that the transactions contemplated by this Agreement are carried out in full compliance with the provisions of all applicable laws and regulations.

12.3 PUBLICITY. No press release, publicity, disclosure or notice to any Person concerning any of the transactions contemplated by this Agreement shall be issued, given, made or otherwise disseminated by Purchaser or Seller or any of their respective Affiliates or Associates at any time (whether prior to, at or after the Closing) without the prior consent of Seller and Purchaser, which consent shall not be unreasonably withheld.

12.4 ACCESS OF SELLER TO BOOKS AND RECORDS. At all times after the Closing Date, Purchaser shall give Seller and Seller's agents reasonable access to the books and records of the Acquired Companies (to the extent such books and records relate to the period prior to the Closing Date).

12.5 EXPENSES. Except as otherwise expressly provided in this Agreement, each party to this Agreement will bear its respective expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated thereby; PROVIDED, HOWEVER, that Purchaser shall deliver to Seller at Closing $22,500 in respect of HSR Act filing fees previously paid by Seller in connection with the transactions contemplated by this Agreement.

12.6 GOVERNING LAW. This Agreement shall be construed in accordance with, and governed in all respects by, the laws of the State of Delaware (without giving effect to principles of conflicts of law).

12.7 NOTICES. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given and duly delivered when received personally, by fax, mail or overnight delivery service by the intended recipient at the following address or fax number (or at such other address or fax number as the intended recipient shall have specified in a written notice given to the other party hereto):

if to Purchaser:

Cross Country TravCorps, Inc.
6551 Park of Commerce Blvd., N.W.
Suite 200
Boca Raton, FL 33431
Attn: President
Fax: (561) 912-9068

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, N.Y. 10036
Attn: Stephen Rubin, Esq.
Fax: (212) 969-2900

if to Seller:

Edgewater Technology, Inc.
234 East Millsap Rd.
Fayetteville, Arkansas 72703
Attn: Clete T. Brewer
Gordon Y. Allison, Esq.
Fax: (501) 973-7909

with a copy to:

Cooley Godward LLP
One Freedom Square
Reston Town Center
11951 Freedom Drive
Reston, VA 20190-5601
Attn: Brian J. Lynch, Esq.
Charles T. Haag, Esq.
Fax: (703) 456-8100

12.8 TABLE OF CONTENTS AND HEADINGS. The table of contents of this Agreement and the underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

12.9 ASSIGNMENT. Neither party hereto may assign any of its rights or delegate any of its obligations under this Agreement to any other Person without the prior written consent of the other party hereto, which shall not be unreasonably withheld; PROVIDED, HOWEVER, that Seller may, prior to the Closing, assign to any Person its right to receive all or any portion of the amount payable to Seller under Section 1.2.

12.10 PARTIES IN INTEREST. Nothing in this Agreement is intended to provide any rights or remedies to any Person (including any employee or creditor of the Company) other than the parties hereto and the Persons (in addition to the parties hereto) that may be entitled to indemnification pursuant to Section 10 of this Agreement.

12.11 SEVERABILITY. In the event that any provision of this Agreement, or the application of such provision to any Person or set of circumstances, shall be determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is

determined to be invalid, unlawful, void or unenforceable, shall not be affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

12.12 ENTIRE AGREEMENT. This Agreement, and the Confidentiality Agreement set forth the entire understanding of Purchaser and Seller and supersede all other agreements and understandings between Purchaser and Seller relating to the subject matter hereof and thereof. Regardless of any termination of this Agreement or any closing of the transactions contemplated by this Agreement, the Confidentiality Agreement shall remain in full force and effect in accordance with the terms thereof.

12.13 WAIVER. No failure on the part of either party hereto to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver thereof; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

12.14 AMENDMENTS. This Agreement may not be amended, modified, altered or supplemented except by means of a written instrument executed on behalf of both Purchaser and Seller.

12.15 INTERPRETATION OF AGREEMENT.

(a) Each party hereto acknowledges that it has participated in the drafting of this Agreement, and any applicable rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in connection with the construction or interpretation of this Agreement.

(b) Whenever required by the context hereof, the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(c) As used in this Agreement, the words "INCLUDE" and "INCLUDING," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "WITHOUT LIMITATION."

(d) References herein to "SECTIONS," "EXHIBITS," and "SCHEDULES" are intended to refer to Sections of and Exhibits and Schedules to this Agreement.

[Signature Pages to Follow]

Purchaser and Seller have caused this Stock Purchase Agreement to be executed as of the date first written above.

CROSS COUNTRY TRAVCORPS, INC.

By: /s/ Joseph A. Boshart

Name: Joseph A. Boshart
Title: President and Chief Executive Officer

EDGEWATER TECHNOLOGY, INC.

By: /s/ Clete T. Brewer

Name: Clete T. Brewer
Title: Chairman and Chief Executive Officer

EXHIBIT A TO
STOCK PURCHASE AGREEMENT

DEFINED TERMS

For purposes of this Agreement (including the Schedules thereto):

"ACQUIRED COMPANIES" shall have the meaning specified in the recitals to this Agreement.

"ACQUIRED STOCK" shall have the meaning specified in the recitals to this Agreement.

"ADJUSTED NET WORKING CAPITAL" means the Net Working Capital MINUS any amount of the accounts receivable line item listed on the Closing Date Balance Sheet that remains unpaid on the Realization Date.

"AFFILIATE" of any Person means any other Person controlling, controlled by or under common control with such first Person, where "CONTROL" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities or otherwise.

"AGREEMENT" means this Stock Purchase Agreement, including all Exhibits and Schedules hereto, as it may be amended from time to time in accordance with its terms.

"ALLOCABLE AMOUNT" shall have the meaning specified in Section 10.3(j)(ii).

"ASSOCIATES" of a Person shall include:

(a) such Person's Affiliates, directors, officers, employees, agents, attorneys, accountants and representatives; and

(b) all directors, officers, employees, agents, attorneys, accountants and representatives of each of such Person's Affiliates.

"BUSINESS" shall have the meaning set forth in Section 11.1(a).

"BENEFIT PLANS" shall have the meaning set forth in Section 3.13(a).

"BOARD OF MEDIATORS" shall have the meaning set forth in Section 10.2(f)(iii).

"CAPITAL STOCK" means (i) in the case of a corporation, any and all shares of capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership or limited liability company, any and all partnership or membership interests (whether general or limited), (iv) in any case, any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, and (v) in any case, any right to acquire any of the foregoing.

"CLAIM NOTICE" means written notification pursuant to Section 10.2(f) of a Third Party Claim as to which indemnity under Section 10.2 is sought by an Indemnified Party, enclosing a copy of all papers served, if any, and specifying the nature of and basis for such Third Party Claim and for the Indemnified Party's claim against Seller under Section 10.2, together with the amount or, if not then reasonably ascertainable, the estimated amount determined in good faith, of such Third Party Claim.

"CLOSING" shall have the meaning set forth in Section 2.1.

"CLOSING DATE" shall mean the time and date as of which the Closing actually takes place.

"CLOSING DATE BALANCE SHEET" means an unaudited combined balance sheet for the Acquired Companies as of the close of business on the Closing Date (determined on a pro forma basis as though the parties had not consummated the transactions contemplated by this Agreement) prepared in accordance with and applied on a basis consistent with the Latest Balance Sheet (subject to the same types of adjustments, including cutoff adjustments, as reflected in the Latest Balance Sheet, as well as being subject to the same inclusions, exclusions and exceptions set forth on the FINANCIAL STATEMENTS SCHEDULE); PROVIDED, HOWEVER, that the allowance for doubtful accounts amount in the Closing Date Balance Sheet shall be the same amount as that set forth in the Latest Balance Sheet.

"CLOSING TRANSACTIONS" shall have the meaning set forth in Section 2.2.

"COBRA" shall have the meaning set forth in Section 3.13(a).

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"CONFIDENTIAL INFORMATION" shall have the meaning set forth in Section 11.2.

"CONFIDENTIALITY AGREEMENT" shall have the meaning set forth in Section 5.7(a).

"CONTEST" shall have the meaning specified in Section 10.3(j).

"DAMAGES" shall mean out-of-pocket losses, out-of-pocket costs, including reasonable attorney fees for which an Indemnified Party shall have the right to receive reimbursement pursuant to Section 10 hereof, and out-of-pocket damages, excluding in each case lost profits, incidental, or special and consequential damages; PROVIDED, HOWEVER, that for purposes of computing the amount of Damages incurred by any Person, there shall be deducted:

(a) in the case of an Acquired Company, an amount equal to the amount of any Tax benefit actually realized by such Acquired Company in connection with such Damages or the circumstances giving rise thereto; and

(b) an amount equal to the amount of any insurance proceeds, indemnification payments, contribution payments or reimbursements received or receivable by such Person or any of such Person's Affiliates in connection with such Damages or the circumstances giving rise thereto.

"DEDUCTIBLE AMOUNT" shall have the meaning specified in Section 10.2(b).

"DEFINITIVE COMPETING AGREEMENT" shall have the meaning specified in Section 9.1(h).

"DETERMINATION DATE" has the meaning set forth in Section 1.4(b).

"DGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DISCLOSURE SCHEDULE" shall have the meaning set forth in Section 3.

"DISPUTE NOTICE" means written notification during the Dispute Period to an Indemnified Party stating that Seller disputes its liability under Section 10.2 to such Indemnified Party with respect to the Indemnified Party's Claim Notice or Indemnity Notice.

"DISPUTE PERIOD" means the period ending 30 calendar days following receipt by Seller of either a Claim Notice or an Indemnity Notice.

"ENCUMBRANCE" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, interference, proxy, option, right of first refusal, preemptive right, community property interest, impediment, limitation, imperfection of title, condition or restriction of any nature (including any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"ENVIRONMENTAL AND SAFETY REQUIREMENTS" means all federal, state, local and foreign statutes, regulations, rules, codes, judgments, ordinances and similar provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety and pollution or protection of the environment, including all such standards of conduct and bases of obligations relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or by-products, asbestos, polychlorinated biphenyls (or PCBs), noise or radiation.

"ERISA" shall have the meaning set forth in Section 3.13(a).

"ERISA AFFILIATE" shall have the meaning set forth in Section 3.13(a).

"E-SERVICES" shall have the meaning set forth in Section 11.1(a).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FINANCIAL STATEMENTS" shall have the meaning set forth in Section 3.5.

"GAAP" means, at any given time, generally accepted accounting principles of the United States, consistently applied.

"HSR ACT" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder.

"INDEMNITY NOTICE" means written notification pursuant to Section 10.2 of a claim for indemnity under Section 10.2 by an Indemnified Party, specifying the nature of and basis for such claim, together with the amount or, if not then reasonably ascertainable, the estimated amount, determined in good faith, of such claim.

"INDEPENDENT ACCOUNTING FIRM" has the meaning set forth in Section 1.4(b).

"INITIAL NET WORKING CAPITAL" means $2,797,776, which is the amount equal to the difference of (x) the sum of the amounts from the Latest Balance Sheet of the following current asset accounts of the Acquired Companies: (A) cash accounts (which includes only payroll checks and accounts payable checks), (B) cash clearing (which includes only payments against accounts receivable), (C) restricted cash, (D) accounts receivable, (E) prepaid expenses, and (F) other current assets, MINUS (y) the sum of the amounts from the Latest Balance Sheet of the following current liability accounts of the Acquired Companies: (A) payroll and related liabilities, (B) accounts payable and (C) other accrued liabilities.

"INSIDER" means, (i) any executive officer or director of Seller, any of the Acquired Companies, or any Affiliate of Seller (ii) any stockholder owning beneficially 5% or more of the Capital Stock of Seller (excluding any Person not otherwise referenced in clauses (i), (iii) or (iv) hereof that has filed, with respect to Seller, a beneficial ownership report on Schedule 13G under the Exchange Act), (iii) any partner of Seller or any of the Acquired Companies, or (iv) any Affiliate of Seller or any of the Acquired Companies, any spouse or descendant (natural or adopted) of any such individual, or any entity in which any such Person owns a controlling interest.

"ISRA" shall have the meaning set forth in Section 7.7.

"KNOWLEDGE" and terms of similar import mean, with respect to a Person, the actual knowledge of such individual, or if the Person is a corporation, the actual knowledge of the executive officers and directors of such Person (and in the case of Seller the directors and executive officers of the Acquired Companies) with respect to the particular matter in question.

"LATEST BALANCE SHEET" shall have the meaning set forth in Section 3.5.

"LEASES" has the meaning set forth in Section 3.20.

"LICENSES" means all permits, licenses, franchises, certificates, approvals and other authorizations of third parties or foreign, federal, state or local governments or other similar rights.

"LIENS" means, except with respect to any and all Permitted Encumbrances, any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof), any sale of receivables with recourse against Seller or any Affiliate, any filing or agreement to file a financing statement as debtor under the UCC or any similar statute other than to reflect

ownership by a third party of property leased to any of the Acquired Companies under a lease which is not in the nature of a conditional sale or title retention agreement.

"MATERIAL ADVERSE CHANGE" or "MATERIAL ADVERSE EFFECT" means any material adverse effect on, or change in, the Business, financial condition or results of operations of the Acquired Companies, taken as a whole, other than any such effect directly arising out of or directly resulting from conditions affecting the permanent placement and temporary staffing of clinical trials support services personnel industry.

"MATTER" shall mean any claim, demand, dispute, action, suit, examination, audit, proceeding, investigation, inquiry or other similar matter.

"NET WORKING CAPITAL" means the amount equal to the difference of (x) the sum of the amounts from the Closing Date Balance Sheet of the following current asset accounts of the Acquired Companies: (A) cash accounts (which includes only payroll checks and accounts payable checks), (B) cash clearing (which includes only payments against accounts receivable), (C) restricted cash, (D) accounts receivable, (E) prepaid expenses, and (F) other current assets, MINUS (y) the sum of the amounts from the Closing Date Balance Sheet of the following current liability accounts of the Acquired Companies: (A) payroll and related liabilities, (B) accounts payable and (C) other accrued liabilities.

"NET WORKING CAPITAL ADJUSTMENT" means the positive or negative difference of: (x) the Initial Net Working Capital MINUS (y) the Adjusted Net Working Capital.

"NON-ACQUIRED SUBSIDIARIES" shall have the meaning set forth in Section 10.3(j)(i).

"ORDINARY COURSE OF BUSINESS" means the ordinary course of any of the Acquired Companies' businesses, in each case consistent with past practice.

"PARTICIPANT" shall have the meaning set forth in Section 11.4.

"PERMITTED ENCUMBRANCES" shall mean: (A) statutory liens for current taxes or other governmental charges with respect to such property not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, which reserves are included in the Financial Statements; (B) mechanics, carriers, workers, repairers and similar statutory liens arising or incurred in the Ordinary Course of Business for amounts which are not reasonably likely, individually or in the aggregate, to have a Material Adverse Effect; (C) zoning, entitlement, building and other land use regulations imposed by governmental agencies having jurisdiction over such property which are not violated by the current use and operation of such property; and (D) covenants, conditions, restrictions, easements and other matters of record affecting title to such property which do not unreasonably interfere with the current use, occupancy, or value, or the marketability of title, of such property; (E) other Liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money; (F) pledges or deposits in connection with or to secure workmen's compensation, unemployment insurance pension or other employee benefits; (G) any Lien renewing, extending or refunding any Lien permitted hereunder; and (H) Liens and imperfections of title the existence of which would not materially affect the use of the property subject thereto, consistent with past practice

and (I) encumbrances arising out of any restriction on the receipt of income derived from any asset or on the possession or use of any asset, in either case resulting from the failure to obtain the consent of a third party in respect of the assignment of or conveyance of rights under any contract, lease or agreement of the Acquired Companies in connection with the transaction contemplated by this Agreement.

"PERSON" shall mean any individual, corporation, association, general partnership, limited partnership, venture, trust, association, firm, organization, company, business, entity, union, society, government (or political subdivision thereof) or governmental agency, authority or instrumentality.

"PROPRIETARY RIGHTS" means the following matters solely related to the business of the Acquired Companies only: (i) patents, patent applications, patent disclosures, as well as any reissues, continuations, continuations-in-part, divisions, extensions and reexaminations thereof, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names, and registrations and applications for registration thereof, together with all of the goodwill associated therewith, (iii) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof, (iv) Internet domain names and web sites, (v) computer software, data, data bases and documentation thereof, (vi) trade secrets and other confidential information (including, without limitation, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial and marketing plans, and customer and supplier lists and information), and (vii) license agreements related thereto.

"PROXY CLEARANCE" shall have the meaning set forth in Section 5.6(a).

"PROXY STATEMENT" shall have the meaning specified in Section 3.4.

"PURCHASE PRICE" shall have the meaning specified in Section 1.2.

"PURCHASER" shall mean Cross Country TravCorps, Inc., a Delaware Corporation.

"PURCHASER 401(k) PLAN" shall have the meaning specified in Section 11.4.

"REALIZATION DATE" shall have the meaning set forth in Section 1.4(a).

"REQUIRED APPROVALS" shall have the meaning specified in Section 7.4.

"RESOLUTION PERIOD" means the period ending thirty (30) calendar days following receipt by an Indemnified Party of a Dispute Notice.

"RIGHTS AGREEMENT" means the Rights Agreement, dated as of July 21, 2000, between Seller and Equiserve Trust Company, N.A., as Rights Agent.

"SELLER" shall mean Edgewater Technology, Inc., a Delaware corporation.

"SEC" means the Securities and Exchange Commission of the United States.

"SECTION 338(h)(10) ELECTIONS" shall have the meaning specified in Section 10.3(j)(i).

"SECTION 338 FORMS" shall have the meaning specified in Section 10.3(j)(i).

"SECURITIES ACT" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"STOCKHOLDER VOTE CONDITION" shall have the meaning set forth in Section 3.2.

"STOCKHOLDERS MEETING" shall mean the meeting (and any adjournments or postponements thereof) of the stockholders of Seller convened to consider and vote upon the subject matter necessary to satisfy the Stockholder Vote Condition in accordance with DGCL.

"SUBSIDIARY" means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

"SUPERIOR PROPOSAL" shall have the meaning set forth in Section 5.7(b).

"TAKEOVER PROPOSAL" shall have the meaning set forth in Section 5.7(b).

"TAKEOVER PROPOSAL INTEREST" shall have the meaning set forth in Section 5.7(a).

"TAX RETURNS" means returns, declarations, reports, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of Taxes of any party or the administration of any laws, regulations or administrative requirements relating to any Taxes.

"TAXES" means any federal, state, local, or foreign income, gross receipts, sales, use, employment, unemployment, franchise, profits, property or other taxes, stamp taxes and duties, assessments or charges of any kind whatsoever (whether direct or withholding taxes), together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority with respect thereto, and together with out-of-pocket expenses associated with the reasonable attorney fees for which Purchaser or the Acquired Companies shall have the right to receive reimbursement pursuant to Section 10 hereof.

"TERMINATED EMPLOYEES" shall mean the employees identified in Section 5.3.

"TERMINATING PURCHASER BREACH" shall have the meaning set forth in Section 9.1(f).

"TERMINATING SELLER BREACH" shall have the meaning set forth in Section 9.1(e).

"THIRD PARTY CLAIM" shall have the meaning set forth in Section 10.2(f)(i).

"TRANSACTION DOCUMENTS" means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated to be consummated pursuant to this Agreement.

"TREASURY REGULATIONS" means the United States Treasury Regulations promulgated pursuant to the Code.

"UCC" means the Uniform Commercial Code.

"WARN" shall have the meaning set forth in Section 3.12.

INDEX OF SCHEDULES

EXHIBITS

SCHEDULES

EXHIBIT 4.3

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of July 29, 1999, among CROSS COUNTRY STAFFING, INC., a Delaware corporation (the "COMPANY") and the Investors (as defined below).

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

WHEREAS, pursuant to that certain Purchase Agreement dated as of July 29, 1999 (the "PURCHASE AGREEMENT"), among the Company and the Investors and their Affiliates, the Investors and their Affiliates have acquired (i) an aggregate of 86,957 shares of Common Stock (as defined herein), subject to adjustment and (ii) a right to receive an additional 11,944 shares of Common Stock, in the aggregate (subject to adjustment), pursuant to the provisions of Section 7.11 of the Purchase Agreement;

WHEREAS, the Company desires to grant to the Investors certain registration rights relating to the shares of Common Stock.

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. DEFINITIONS. The following shall have (unless otherwise provided elsewhere in this Registration Rights Agreement) the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"AGREEMENT" means this Registration Rights Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"CLASS A COMMON STOCK" means the Class A Common Stock, $.01 par value, of the Company.

"CLASS B COMMON STOCK" means the Class B Common Stock, $.01 par value, of the Company.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means collectively, the Class A Common Stock and the Class B Common Stock.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"INVESTORS" means DB Capital Investors, L.P. and The Northwestern Mutual Life Insurance Company.

"NASD" means the National Association of Securities Dealers, Inc., or any successor corporation thereto.

"INITIAL PUBLIC EQUITY OFFERING" means an underwritten public offering of the Class A Common Stock made on a primary basis by the Company pursuant to a registration statement filed with and declared effective by the Commission in accordance with the Securities Act resulting in net cash proceeds to the Company (after deducting any underwriting discounts and commissions) of at least $25.0 million.

"PURCHASE AGREEMENT" has the meaning given to it in the recitals hereto.

"REGISTERING SECURITY HOLDER" has the meaning given to it in SECTION 3.

"REGISTRABLE SECURITIES" means, collectively (i) the shares of Class A Common Stock owned by the Investors on the date hereof; (ii) any shares of Class A Common Stock resulting from or which may result from the conversion of shares of Class B Common Stock owned by the Investors; (iii) any shares of Class A Common Stock hereafter acquired by the Investors; and (iv) any shares of Common Stock hereafter distributed by the Company to the holders of Registrable Securities as a stock dividend or otherwise; PROVIDED, HOWEVER, that any such securities shall cease to be Registrable Securities when (a) such securities shall have been registered under the Securities Act, the registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement; (b) such securities shall have been otherwise transferred, if new certificates or other evidences of ownership for them not bearing a legend restricting further transfer and not subject to any stop transfer order or other restrictions on transfer shall have been delivered by the Company and subsequent disposition of such securities shall not require registration or qualification of such securities under the Securities Act or any state securities law then in force; (c) such securities shall cease to be outstanding; or (d) such securities shall be eligible for sale pursuant to Rule 144(k) under the Securities Act or any successor rule which permits resale of such securities without restriction.

"REGISTRATION REQUEST" has the meaning given to it in SECTION 2.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

2. REQUIRED REGISTRATION. If at any time following 180 days after the consummation of the Initial Public Equity Offering (or 90 days, if the managing underwriter for the Initial Public Equity Offering consents), the Company receives a written request (a "REGISTRATION REQUEST") from the Investors requesting that the Company effect the registration of Registrable Securities under the Securities Act and specifying the intended method or methods of disposition thereof, the Company

shall, as expeditiously as is possible, use its best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by such holders for sale, all to the extent required to permit the disposition (in accordance with the intended method or methods thereof, as aforesaid) of the Registrable Securities so registered. In order to count as an "effected" registration statement, such registration statement shall not have been withdrawn and all shares registered pursuant to it (excluding any overallotment shares) shall have been sold. The Company shall have the right to defer the filing of any registration statement requested pursuant to this SECTION 2 for a period not to exceed ninety (90) days if in the good faith determination of the Board of Directors of the Company the filing of such registration statement would be seriously detrimental to the Company. In no event shall the Company be required to effect more than one registration under this Section 2.

3. INCIDENTAL REGISTRATION.

(a) If at any time following the consummation of the Initial Public Equity Offering, the Company at any time proposes to file on its behalf and/or on behalf of any of its security holders (the "REGISTERING SECURITY HOLDERS"), a Registration Statement under the Securities Act on any form (other than a Registration Statement on Form S-4 or S-8 or any successor form for securities to be offered in a transaction of the type referred to in Rule 145 under the Securities Act or to employees of the Company pursuant to any employee benefit plan, respectively) for the general registration of securities to be sold for cash with respect to any class of equity security (as defined in Section 3(a)(11) of the Exchange Act) of the Company, it will give written notice to all holders of Registrable Securities at least 30 days before the initial filing with the Commission of such Registration Statement, which notice shall set forth the intended method of disposition of the securities proposed to be registered by the Company. The notice shall offer to include in such filing the aggregate number of shares of Registrable Securities as such holders may request.

(b) Each holder of any such Registrable Securities desiring to have Registrable Securities registered under this SECTION 3 shall advise the Company in writing within 10 days after the date of receipt of such offer from the Company, setting forth the amount of such Registrable Securities for which registration is requested. The Company shall thereupon include in such filing the number of shares of Registrable Securities for which registration is so requested, subject to the next sentence, and shall use its best efforts to effect registration under the Securities Act of such shares. If the managing underwriter of a proposed public offering shall advise the Company in writing that, in its opinion, the distribution of the Registrable Securities requested to be included in the registration under this SECTION 3 concurrently with the securities being registered on behalf of the Company or such Registering Security Holder would materially and adversely affect the distribution of such securities by the Company or such Registering Security Holder, then all selling security holders that have requested that their Registrable Securities be included in the registration under this SECTION 3 shall reduce the amount of securities each intended to distribute through such offering on a pro rata basis.

4. REGISTRATION PROCEDURES. If the Company is required by the provisions of SECTION 2 OR 3 to use its best efforts to effect the registration of any of its securities under the Securities Act, the Company will, as expeditiously as possible:

(a) prepare and file with the Commission a Registration Statement with respect to such securities and use its best efforts to cause such Registration Statement to become and remain effective for a period of time required for the disposition of such securities by the holders thereof, but not to exceed 180 days;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such Registration Statement until the earlier of such time as all of such securities have been disposed of in a public offering or the expiration of 180 days;

(c) furnish to such selling security holders such number of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such selling security holders may reasonably request;

(d) use its best efforts to register or qualify the securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as each holder of such securities shall request (PROVIDED, HOWEVER, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any jurisdiction in which it is not then qualified or to file any general consent to service of process), and do such other reasonable acts and things as may be required of it to enable such holder to consummate the disposition in such jurisdiction of the securities covered by such Registration Statement;

(e) furnish, in connection with any registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriters for sale pursuant to such registration or, if such Registrable Securities are not being sold through underwriters, on the date that the Registration Statement with respect to such Registrable Securities becomes effective, (1) an opinion, dated such date, of the independent counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the holders making such request, in customary form and covering matters of the type customarily covered in such legal opinions; and (2) a comfort letter dated such date, from the independent certified public accountants of the Company, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the holder(s) of Registrable Securities being registered and, if such accountants refuse to deliver such letter to such holder(s), then to the Company in a customary form and covering matters of the type customarily covered by such comfort letters and as the underwriters or such holder(s) shall reasonably request.

Such opinion of counsel shall additionally cover such other legal matters regarding the registration in respect of which such opinion is being given as such holder(s) of Registrable Securities may reasonably request consistent with opinions customarily provided in similar transactions. Such letter from the independent certified public accountants shall additionally cover such other financial matters (including information as to the period ending not more than 5 business days prior to the date of such letter) with respect to the registration in respect of which such letter is being given as such holders of the Registrable Securities being so registered may reasonably request consistent with comfort letters customarily provided in similar transactions;

(f) enter into customary agreements (including an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities; and

(g) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but not later than 18 months after the effective date of the Registration Statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act.

It shall be a condition precedent to the obligation of the Company to take any action pursuant to this Agreement in respect of the securities which are to be registered at the request of any holder of Registrable Securities that (i) such holder shall furnish to the Company such information regarding the securities held by such holder and the intended method of disposition thereof as the Company shall reasonably request and as shall be required under the Securities Act in connection with the action taken by the Company and (ii) that such holder shall deliver and perform under such underwriting and selling shareholder agreements as may be reasonably requested by the underwriters.

5. EXPENSES. All expenses incurred in complying with this Agreement, including, without limitation, all registration and filing fees (including all expenses incident to filing with the NASD), printing expenses, fees and disbursements of counsel for the Company, expenses of any special audits incident to or required by any such registration and expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to SECTION 4(d), shall be paid by the Company, except that:

(a) The Company shall not be liable for any fees, discounts or commissions to any underwriter in respect of the securities sold by such holder of Registrable Securities; and

(b) The Company shall only be responsible the fees or expenses of one counsel for the selling security holders as a group.

6. INDEMNIFICATION AND CONTRIBUTION.

(a) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company shall indemnify and hold harmless the holder of such Registrable Securities, such holder's directors and officers, and each other Person (in cluding each underwriter) who participated in the offering of such Registrable Securities and each other Person, if any, who controls such holder or such participating Person within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such holder or any such director or officer or participating Person or controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any alleged untrue statement of any material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse such holder or such director, officer or participating Person or controlling Person for any legal or any other expenses reasonably incurred by such holder or such director, officer or participating Person or controlling Person in connection with investi gating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in such Registration Statement, preliminary prospectus, prospectus or amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such holder specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or such director, officer or participating Person or controlling Person, and shall survive the transfer of such securities by such holder.

(b) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, each selling holder of Registrable Securities severally and not jointly shall indemnify and hold harmless the Company, its directors and officers, and each other Person (including each underwriter) who participated in the offering of such Registrable Securities and each other Person, if any, who controls the Company or such participating Person within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or participating Person or controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any alleged untrue statement of any material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, where such statement is in conformity with written information provided by such holder of Registrable Securities expressly for use therein, and shall reimburse the Company or such director, officer or participating Person or controlling Person for any legal or any other expenses reasonably incurred by the Company or such director, officer or participating Person or controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that such holder of Registrable Securities shall not be liable for any amounts

in excess of the net proceeds received by such holder for the sale of its shares. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or such director, officer or participating Person or controlling Person, and shall survive the transfer of such securities by such holder.

(c) If the indemnification provided for in this SECTION 6 is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be deter mined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this SECTION 6(c) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not also guilty of such fraudulent misrepresentation.

7. MARKET STAND-OFF AGREEMENT. If requested by an underwriter of securities of the Company, each holder of Registrable Securities shall not sell or otherwise transfer or dispose of any securities held by such holder during the ninety (90) day period following the effective date of a Registration Statement.

8. MISCELLANEOUS.

(a) NO PRIOR AGREEMENTS. This agreement supersedes all prior agreements regarding registration rights between the Company and any of the parties hereto and all such prior agreements are deemed terminated hereby.

(b) REMEDIES. Each holder of Registrable Securities, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would

not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(c) AMENDMENTS AND WAIVERS. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departure from the provisions hereof may not be given unless Company has approved the same in writing and obtained the written consent of Investors.

(d) NOTICES. All notices and other communications hereunder shall be validly given or made if in writing, (i) when delivered personally (by courier service or otherwise); (ii) when sent by telecopy; or (iii) when actually received if mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Section:

(i) If to the Investors, to:

DB Capital Investors, L.P.
130 Liberty Street
New York, NY 10006
Attention: Heidi Silverstein
Fax: (212) 250-7651

The Northwestern Mutual Life Insurance Company
720 East Wisconsin Avenue
Milwaukee, WI 53202
Attention: Securities Department
Fax: (414) 299-7124

with a copy to:

Cahill Gordon & Reindel
80 Pine Street
New York, NY 10005
Attention: John A Tripodoro, Esq.
Fax: (212) 269-5420

(ii) If to the Company, to:

Cross Country Staffing, Inc.

c/o Charterhouse Group International, Inc.
535 Madison Avenue
New York, NY 10022-4299
Attention: Mr. Thomas C. Dircks
Fax: (212) 750-9704

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, NY 10036
Attention: Stephen W. Rubin, Esq.
Fax: (212) 969-2900

(e) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon (i) the successors of each of the parties hereto and (ii) the assigns of the holders of Registrable Securities, including any Person to whom Registrable Securities are transferred.

(f) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(g) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York (i.e., without regard to its conflicts of law rules).

(h) SEVERABILITY. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any pro vision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(i) ENTIRE AGREEMENT. This Agreement, together with the Purchase Agreement dated as of the date hereof, contains the entire understanding of the parties with respect to the subject matter contained herein and therein, and supersede all prior arrangements or understandings with respect thereto.

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement as of the date first above written.

CROSS COUNTRY STAFFING, INC.

By: /s/ THOMAS C. DIRCKS

Thomas C. Dircks
Chairman

INVESTORS:

DB CAPITAL INVESTORS, L.P.

By: /s/ HEIDI SILVERSTEIN

Heidi Silverstein
Director

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

By: /s/ JEROME R. BAIER

Jerome R. Baier
Its Authorized Representative

Exhibit 4.4

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of October 29, 1999, among CROSS COUNTRY STAFFING, INC., a Delaware corporation (the "COMPANY") and the Investors (as defined below).

W I T N E S S E T H:
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WHEREAS, the Investors hold shares of the Class A Common Stock, $.01 par value ("COMMON STOCK"), of the Company;

NOW, THEREFORE, in consideration of the foregoing, the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. DEFINITIONS. The following shall have (unless otherwise provided elsewhere in this Registration Rights Agreement) the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"AGREEMENT" means this Registration Rights Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to the Agreement as the same may be in effect at the time such reference becomes operative.

"COMMON STOCK" has the meaning given to it in the recitals hereto.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"CHARTERHOUSE INVESTORS" means Charterhouse Equity Partners III L.P. and Chef Nominees Limited.

"INSPECTORS" has the meaning given to it in SECTION 4(J).

"INVESTORS" means the Charterhouse Investors and the MSDW Investors.

"MAXIMUM OFFERING SIZE" has the meaning given to it in SECTION 2(d).

"MERGER AGREEMENT" means the Agreement and Plan of Merger, dated as of the date hereof, by and among the Company, TravCorps Corporation and the other parties listed therein.

"MSDW INVESTORS" means Morgan Stanley Dean Witter Capital Partners IV, L.P., Morgan Stanley Dean Witter Capital Investors IV, L.P., MSDW IV 892 Investors, L.P., Morgan Stanley Venture Partners III, L.P., Morgan Stanley Venture Investors III, L.P. and The Morgan Stanley Venture Partners Entrepreneur Fund, L.P.

"NASD" means the National Association of Securities Dealers, Inc., or any successor corporation thereto.

"RECORDS" has the meaning set forth in SECTION 4(j).

"REGISTERING SECURITY HOLDER" has the meaning given to it in SECTION 3.

"REGISTRABLE SECURITIES" means, collectively, (i) the shares of Common Stock owned by the Investors on the date hereof; (ii) any shares of Common Stock hereafter acquired by any Investor; and (iii) any shares of Common Stock hereafter distributed to any Investor by the Company as a stock dividend or otherwise; PROVIDED, HOWEVER, that any such securities shall cease to be Registrable Securities when (a) such securities shall have been registered under the Securities Act, the registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of pursuant to such effective registration statement; (b) such securities shall have been otherwise transferred, if new certificates or other evidences of ownership for them not bearing a legend restricting further transfer and not subject to any stop transfer order or other restrictions on transfer shall have been delivered by the Company and subsequent disposition of such securities shall not require registration or qualification of such securities under the Securities Act or any state securities law then in force; or (c) such securities shall cease to be outstanding.

"REGISTRATION EXPENSES" has the meaning set forth in SECTION 5.

"REGISTRATION REQUEST" has the meaning given to it in SECTION 2.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

2. REQUIRED REGISTRATION. (a) Upon receipt of a written request (a "REGISTRATION REQUEST") from either the Charterhouse Investors or the MSDW Investors requesting that the Company effect the registration of Registrable Securities under the Securities Act and specifying the intended method or methods of disposition thereof, the Company shall, as expeditiously as possible, use its best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by such holders for sale, all to the extent required to permit the disposition (in accordance with the intended method or methods thereof, as aforesaid) of the Registrable Securities so registered; PROVIDED, HOWEVER, that, subject to the provisions of the immediately following sentence, the Company shall not be required to effect more than two registration statements of Registrable Securities on Form S-1 or Form S-2 for each of the Charterhouse Investors and the MSDW Investors pursuant to this SECTION 2 (it being understood that the Company shall be obligated to file an unlimited number of registration statements on Form S-3 (or any successor form) pursuant to any REGISTRATION Request). In order to count as an "effected" registration statement, such registration statement shall not have been withdrawn and all shares registered pursuant to it (excluding any over allotment shares) shall have been sold. The Company shall have the right to defer the filing of

any registration statement requested pursuant to this SECTION 2 for a period not to exceed ninety (90) days if in the good faith determination of the Board of Directors of the Company (written notice of which shall be provided promptly to the Investors making the Registration Request) the filing of such registration statement would be seriously detrimental to the Company because the Company is engaged in any financing, acquisition or material transaction that would be adversely affected by such filing. If the Company shall so defer the filing of the registration statement, the Investors making the Registration Request may, by providing written notice to the Company within 30 days after their receipt of the notice of the Board of Directors' determination, withdraw the Registration Request. The right of the Company to defer a Registration Request may not be exercised by the Company more than once in any 12 month period.

(b) REVOCATION OF REQUEST. The Investors making a Registration Request may, by providing written notice to the Company at any time prior to the effective date of the registration statement relating to such registration, revoke such Registration Request, without liability to any other holders of Registrable Securities, PROVIDED that if, as a result thereof such registration is abandoned, all Registration Expenses and all other fees and expenses reasonably incurred by other holders of Registrable Securities who were to include Registrable Securities in such registration shall be borne by such Investors.

(c) UNDERWRITERS. The managing underwriter or underwriters of any public offering effected pursuant to this Section 2 shall be reasonably acceptable to the MSDW Investors, the Charterhouse Investors and the Company. Any affiliate of the MSDW Investors or the Charterhouse Investors may be selected to serve, on an arm's-length basis, as underwriter for an underwritten offering effected pursuant to this Section 2.

(d) PRIORITY IN REQUESTED REGISTRATION. If the managing underwriter of a registration pursuant to this Section 2 shall advise the Company in writing that, in its view, the number or proposed mix of securities requested to be included in such registration (including securities which the Company requests to be included) exceeds the largest number of securities which can be sold without having a material adverse effect on such offering (the "MAXIMUM OFFERING SIZE"), including the price at which such securities can be sold, the Company will include in such registration:

(i) FIRST, the Registrable Securities requested to be included in such registration pursuant to Section 2 or Section 3 hereof by any Investor holding such Registrable Securities, allocated (if necessary) PRO RATA among such Investors on the basis of the relative number of Registrable Securities each such Holder has requested to be included in such registration;

(ii) SECOND, securities of the Company to be sold for the account of the Company; and

(iii) THIRD, securities of the Company to be sold for the account of other persons, with such priorities among them as the Company shall determine.

3. INCIDENTAL REGISTRATION.

(a) If the Company at any time proposes to file on its behalf and/or on behalf (including pursuant to Section 2) of any of its security holders (the "REGISTERING SECURITY HOLDERS") a Registration Statement under the Securities Act on any form (other than a REGISTRATION Statement on Form S-4 or S-8 or any successor form for securities to be offered in a transaction of the type referred to in Rule 145 under the Securities Act or to employees of the Company pursuant to any employee benefit plan, respectively) for the general registration of securities to be sold for cash with respect to any class of equity security (as defined in Section 3(a)(11) of the Exchange Act) of the Company, it will give written notice to all holders of Registrable Securities at least 30 days before the initial filing with the Commission of such Registration Statement, which notice shall set forth the intended method of disposition of the securities proposed to be registered by the Company. The notice shall offer to include in such filing the aggregate number of shares of Registrable Securities as such holders may request.

(b) Each holder of any such Registrable Securities desiring to have Registrable Securities registered under this SECTION 3 shall advise the Company in writing within 20 days after the date of receipt of such offer from the Company, setting forth the amount of such Registrable Securities for which registration is requested. The Company shall thereupon include in such filing the number of shares of Registrable Securities for which registration is so requested, subject to the next sentence, and shall use its best efforts to effect registration under the Securities Act of such shares.

(c) PRIORITY IN INCIDENTAL REGISTRATIONS. If the managing underwriter of a registration pursuant to this Section 3 shall advise the Company in writing that, in its view, the number or mix of securities (including all Registrable Securities) which the Company, the Investors and any other persons intend to include in such registration exceeds the Maximum Offering Size:

(i) If such registration was initiated by a Registration Request pursuant to Section 2 hereof, then the Company will include in such registration, in the priority listed below, securities up to the Maximum Offering Size:

(A) FIRST, the Registrable Securities requested to be included in such registration pursuant to Section 2 or Section 3 hereof by any Investor holding such Registrable Securities, allocated (if necessary) PRO RATA among such Investors on the basis of the relative number of Registrable Securities each such Holder has requested to be included in such registration;

(B) SECOND, securities of the Company to be sold for the account of the Company; and

(C) THIRD, securities of the Company to be sold for the account of other persons, with such priorities among them as the Company shall determine;

(ii) If such registration was initiated by the Company (and not by the request of any Investor or other shareholder), then the Company will include in such registration, in the priority listed below, securities up to the Maximum Offering Size:

(A) FIRST, securities of the Company to be sold for the account of the Company;

(B) SECOND, the Registrable Securities requested to be included in such registration pursuant to Section 2 or Section 3 hereof by any Investor holding such Registrable Securities, allocated (if necessary) PRO RATA among such Investors on the basis of the relative number of Registrable Securities each such Holder has requested to be included in such registration; and

(C) THIRD, securities of the Company to be sold for the account of other persons, with such priorities among them as the Company shall determine.

or

(iii) If such registration was initiated by a person other than the Company or any Investor pursuant to Section 2 or 3 hereof, then the Company will include in such registration, in the priority listed below, securities up to the Maximum Offering Size:

(A) FIRST, the securities requested to be registered by such initiating person and the Registrable Securities requested to be included in such registration pursuant to Section 3 hereof, allocated (if necessary) PRO RATA among all of such shareholders on the basis of the relative number of securities of the Company each such shareholder has requested to be included in such registration;

(B) SECOND, securities of the Company to be sold for the account of the Company; and

(C) THIRD, securities of the Company to be sold for the account of other persons, with such priorities among them as the Company shall determine.

4. REGISTRATION PROCEDURES. If the Company is required by the provisions of SECTION 2 OR 3 to use its best efforts to effect the registration of any of its securities under the Securities Act, the Company will, as expeditiously as possible:

(a) prepare and file with the Commission a Registration Statement with respect to such securities and use its best efforts to cause such Registration Statement to become and remain effective for a period of time required for the disposition of such securities by the holders thereof, but not to exceed 180 days; PROVIDED that the Company will, at least 5 business days prior to filing a registration statement or prospectus or any amendment or supplement thereto, furnish to each holder of Registrable Securities covered by such registration statement copies of such registration statement or prospectus (or amendment or supplement) as proposed to be filed (including, upon the request of such holder, documents to be incorporated by reference therein) which documents will be subject to the reasonable review and comments of such holder (and its attorneys) during such 5-business-day period and the Company will not file any registration statement, any prospectus or any amendment or supplement thereto (or any such documents incorporated by reference) containing any statements with respect to such holder to which such holder shall reasonably object in writing;

(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such Registration Statement until the earlier of such time as all of such securities have been disposed of in a public offering or the expiration of 180 days;

(c) furnish to such selling security holders such number of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such selling security holders may reasonably request;

(d) use its best efforts to register or qualify the securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as each holder of such securities shall request (PROVIDED, HOWEVER, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any jurisdiction in which it is not then qualified or to file any general consent to service of process), and

do such other reasonable acts and things as may be required of it to enable such holder to consummate the disposition in such jurisdictions of the securities covered by such Registration Statement;

(e) furnish, in connection with any registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriters for sale pursuant to such registration or, if such Registrable Securities are not being sold through underwriters, on the date that the Registration Statement with respect to such Registrable Securities becomes effective, (1) an opinion, dated such date, of the independent counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the holders of Registrable Securities included in such Registration Statement, in customary form and covering matters of the type customarily covered in such legal opinions; and (2) a comfort letter dated such date, from the independent certified public accountants of the Company, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the holder(s) of Registrable Securities being registered and, if such accountants refuse to deliver such letter to such holder(s), then to the Company in a customary form and covering matters of the type customarily covered by such comfort letters and as the underwriters or such holder(s) shall reasonably request. Such opinion of counsel shall additionally cover such other legal matters regarding the registration in respect of which such opinion is being given as such holder(s) of Registrable Securities may reasonably request consistent with opinions customarily provided in similar transactions. Such letter from the independent certified public accountants shall additionally cover such other financial matters (including information as to the period ending not more than 5 business days prior to the date of such letter) with respect to the registration in respect of which such letter is being given as such holders of the Registrable Securities being so registered may reasonably request consistent with comfort letters customarily provided in similar transactions;

(f) enter into customary agreements (including an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(g) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but not later than 18 months after the effective date of the Registration Statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act;

(h) after the filing of the registration statement, promptly notify each holder of Registrable Securities covered thereby of the effectiveness of the registration statement and of any stop order issued or threatened by the Securities and Exchange Commission (or any successor commission or agency having similar powers) and promptly notify each such holder of the lifting or withdrawal of any such order;

(i) immediately notify each holder of Registrable Securities covered by the registration statement at any time when a prospectus relating to the registration is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(j) make available for inspection by any holder of Registrable Securities covered by the registration statement, any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such holder or underwriter (collectively, the "INSPECTORS"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "RECORDS") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and shall cause the Company's officers, directors and employees to supply all information reasonably requested by any Inspectors and cause the senior management of the Company and its subsidiaries to participate in any "road show" presentations to investors, in each case in connection with such registration statement. Each such holder agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company or its Affiliates unless and until such information is made generally available to the public. Each such holder further agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the Records deemed confidential; and

(k) use its reasonable best efforts to list all Registrable Securities covered by such registration on any securities exchange or quotation system on which any of the Registrable Securities are then listed or traded.

It shall be a condition precedent to the obligation of the Company to take any action pursuant to this Agreement in respect of the securities which are to be registered at the request of any holder of Registrable Securities that (i) such holder shall furnish to the Company such information regarding the securities held by such holder and in the case of a Registration Request the intended method of disposition thereof as the Company shall reasonably request and as shall be required under the Securities Act in connection with the action taken by the Company and (ii) that such holder shall deliver and perform under such underwriting and selling share holder agreements as may be reasonably requested by the underwriters.

5. EXPENSES. All expenses incurred in complying with this Agreement, including, without limitation, all registration and filing fees (including all expenses incident to filing with the NASD and listing the Registrable Securities on a securities exchange), printing expenses, fees and disbursements of counsel for the Company, fees and expenses of any special experts retained by the Company in connection with such registration, customary fees and expenses for independent certified

public accountants retained by the Company (including the fees and expenses relating to the delivery of any comfort letter or any special audits incident to or required by any such registration), expenses of complying with the securities or blue sky laws of any jurisdictions pursuant to SECTION 4(d) (including the fees and expenses of local counsel), and the fees and expenses of one counsel for the selling holders as a group (which counsel, in the case of any registration pursuant to Section 2, shall be selected by the Investors selling securities constituting a majority of all securities to be included in such registration) (collectively, "REGISTRATION EXPENSES") shall be paid promptly by the Company, except that the Company shall not be liable for any fees, discounts or commissions to any underwriter (including the fees and expenses of underwriter's counsel) in respect of the securities sold by any Investor holding Registrable Securities.

6. INDEMNIFICATION AND CONTRIBUTION.

(a) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company shall indemnify and hold harmless the holder of such Registrable Securities, such holder's directors and officers, and each other Person (including each underwriter) who participated in the offering of such Registrable Securities and each other Person, if any, who controls such holder or such participating Person within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such holder or any such director or officer or participating Person or controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any alleged untrue statement of any material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or (ii) any alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse such holder or such director, officer or participating Person or controlling Person for any legal or any other expenses reasonably incurred by such holder or such director, officer or participating Person or controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any alleged untrue statement or alleged omission made in such Registration Statement, preliminary prospectus, prospectus or amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such holder expressly for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or such director, officer or participating Person or controlling Person, and shall survive the transfer of such securities by such holder.

(b) In the event of any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, each selling holder of Registrable Securities severally and not jointly shall indemnify and hold harmless the Company, its directors and officers, and each other Person (including each underwriter) who participated in the offering of such Registrable Securities and each

other Person, if any, who controls the Company or such participating Person within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or participating Person or controlling Person may become subject under the Securities Act or any other statute or at common law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any alleged untrue statement of any material fact contained in any Registration Statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, where such statement is in conformity with written information provided by such holder of Registrable Securities expressly for use therein, and shall reimburse the Company or such director, officer or participating Person or controlling Person for any legal or any other expenses reasonably incurred by the Company or such director, officer or participating Person or controlling Person in connection with investigating or defending any such loss, claim, damage, liability or action; PROVIDED, HOWEVER, that such holder of Registrable Securities shall not be liable for any amounts in excess of the net proceeds received by such holder for the sale of its shares. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or such director, officer or participating Person or controlling Person, and shall survive the transfer of such securities by such holder.

(c) If the indemnification provided for in this SECTION 6 is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this SECTION 6(c) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not also guilty of such fraudulent misrepresentation. Each holder's obligation to contribute pursuant to this Section 6 is several in the proportion that the proceeds of the offering received by such holder bear to the total proceeds of the offering received by all such holders and not joint.

7. MARKET STAND-OFF AGREEMENT. (a) If requested by an underwriter of securities of the Company, each holder of Registrable Securities shall not sell or otherwise transfer or dispose of any securities held by such holder during the ninety (90) day period following the effective date of a registration statement, PROVIDED that each such holder has received written notice of such registration at least 5 business days prior to the anticipated beginning of the ninety (90) day period referred to above.

(b) If requested by an underwriter of securities of the Company, the Company shall not issue or otherwise sell, transfer or dispose of any securities of the Company during the one hundred eighty (180) day period following the effective date of a registration statement.

8. MISCELLANEOUS.

(a) REMEDIES. Each Investor, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) AMENDMENTS AND WAIVERS. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departure from the provisions hereof may not be given unless the Company has approved the same in writing and obtained the written consent of each of the Investors.

(c) NOTICES. All notices and other communications hereunder shall be validly given or made if in writing, (i) when delivered personally (by courier service or other wise); (ii) when sent by telecopy; or (iii) when actually received if mailed by first-class certified or registered United States mail, postage-prepaid and return receipt requested, and all legal process with regard hereto shall be validly served when served in accordance with applicable law, in each case to the address of the party to receive such notice or other communication set forth below, or at such other address as any party hereto may from time to time advise the other parties pursuant to this Section:

(i) If to Charterhouse Equity Partners III, L.P. or Chef Nominees Limited

c/o Charterhouse Group International, Inc.
535 Madison Avenue
New York, NY 10022-4299
Attention: Mr. Thomas C. Dircks
Fax: (212) 750-9704

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, NY 10036
Attention: Stephen W. Rubin, Esq.
Fax: (212) 969-2900

(ii) If to the MSDW Investors:

c/o Morgan Stanley Dean Witter Capital Partners
1221 Avenue of the Americas
New York, New York 10020
Attention: Karen H. Bechtel, Managing Director
Fax: (212) 762-8282

with a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, New York 10017
Attention: Carole Schiffman
Fax: (212) 450-4800

(iii) If to the Company, to:

Cross Country Staffing, Inc.
6551 Park of Commerce Boulevard N.W.
Suite 200
Boca Raton, Florida 33487
Attention: Chief Executive Officer

(d) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other parties hereto, PROVIDED that any Investor may assign any of its rights hereunder, without the consent of any party, to a transferee of not less than 80% of the Common Stock owned by such Investor immediately after the Effective Time (as defined in the Merger Agreement).

(e) THIRD PARTY BENEFICIARIES. No provision of this Agreement is intended to confer upon any person other than the parties hereto any rights or remedies here under.

(f) NO INCONSISTENT AGREEMENTS. The Company will not hereafter enter into any agreement with respect to its securities which is inconsistent with or grant rights superior to the rights granted to the holders of Registrable Securities in this Agreement.

(g) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York (without regard to its conflicts of law rules).

(i) SEVERABILITY. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(j) ENTIRE AGREEMENT. This Agreement, together with the Purchase Agreement and the Stockholders Agreement dated as of the date hereof, contains the entire understanding of the parties with respect to the subject matter contained herein and therein, and supersede all prior arrangements or understandings with respect thereto.

(k) EFFECTIVE DATE. This Agreement has been executed and delivered as of the date first above written, to automatically and without further action of the parties become effective upon the consummation by the Company of an initial registered public offering of equity securities of the Company pursuant to an effective registration statement under the Securities Act (other than on Form S-4 or Form S-8 or any similar form); PROVIDED, that if the Merger Agreement is terminated, then this Agreement shall automatically and without further action of the parties terminate and be of no force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement as of the date first above written.

CROSS COUNTRY STAFFING, INC.

By: /s/ THOMAS C. DIRCKS

Thomas C. Dircks
Chairman

CHARTERHOUSE EQUITY PARTNERS III, L.P.

By: CHUSA Equity Investors III, L.P.,
general partner

By: Charterhouse Equity III, Inc.,
general partner

By: /s/ THOMAS C. DIRCKS

Thomas C. Dircks
Managing Director
Address: 535 Madison Avenue
New York, NY 10022

Telephone: (212) 584-3229
Telecopy: (212) 750-9704

CHEF NOMINEES LIMITED

By: Charterhouse Group International, Inc.,
Attorney-in-Fact

By: /s/ THOMAS C. DIRCKS

Thomas C. Dircks
Managing Director
Address: 535 Madison Avenue
New York, NY 10022
Telephone: (212) 584-3229
Telecopy: (212) 750-9704

MORGAN STANLEY DEAN WITTER
CAPITAL PARTNERS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as member

By: /s/ KAREN H. BECHTEL

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000

Telecopy: (212) 762-7986

MSDW IV 892 INVESTORS, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as member

By: /s/ KAREN H. BECHTEL

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-7986

MORGAN STANLEY DEAN WITTER
CAPITAL INVESTORS IV, L.P.

By: MSDW Capital Partners IV, LLC,
as general partner

By: MSDW CAPITAL PARTNERS IV, INC.,
as member

By: /s/ KAREN H. BECHTEL

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-7986

MORGAN STANLEY VENTURE
PARTNERS III, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ FAZLE HUSAIN

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

MORGAN STANLEY VENTURE
INVESTORS III, L.P.

By: Morgan Stanley Venture Investors III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ FAZLE HUSAIN

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

THE MORGAN STANLEY VENTURE PARTNERS
ENTREPRENEUR FUND, L.P.

By: Morgan Stanley Venture Partners III, L.L.C.,
its General Partner

By: Morgan Stanley Venture Capital III, Inc.,
its Institutional Managing Member

By: /s/ FAZLE HUSAIN

Name:
Title:
Address: 1221 Avenue of the Americas
33rd Floor
New York, New York 10020
Telephone: (212) 762-6000
Telecopy: (212) 762-8424

Exhibit 10.1

CROSS COUNTRY HOLDINGS, INC.

June 24, 1999

Mr. Joseph Boshart
c/o Cross Country Staffing
6551 Park of Commerce Boulevard
Boca Raton, Florida 33487

Dear Mr. Boshart:

Cross Country Holding, Inc., a Delaware corporation (the "Company"), hereby agrees to cause the Company to employ you and you hereby agree to accept such employment under the following terms and conditions:

1. TERM OF EMPLOYMENT.

(a) Except for earlier termination as provided in Section 9 below, your employment under this Agreement shall be for an initial term commencing on the date of the closing of the acquisition (the "Acquisition") of substantially all of the assets of Cross Country Staffing by the Company (the "Effective Date") and terminating on the third anniversary of the Effective Date (the "Initial Term"),

(b) After the Initial Term, this Agreement shall be automatically renewed for successive renewal terms of one year each, unless prior to the end of any such renewal term either party shall have given to the other party at least 90 days' prior written notice of its intention not to renew this Agreement.

2. COMPENSATION.

(a) You shall be compensated for all services rendered by you under this Agreement at the rate of $195,000 per annum (such salary, as it may from time to time be increased, is hereinafter referred to as the "Base Salary"), payable in such manner as is consistent with the Company's payroll practices for executive employees. Prior to each anniversary of the Effective Date, the Board of Directors shall review your performance, the earnings of the Com pany during the prior year and the Company's economic prospects for the coming year and shall consider in its sole discretion whether to increase the Base Salary payable to you hereunder.

(b) With respect to the Company's fiscal year ending December 31, 1999, you shall be eligible to receive an annual incentive bonus in accordance with the terms of the Bonus Plan of the Company attached hereto as EXHIBIT A. The Company shall adopt similar plans for its subsequent fiscal years during the Initial Term with targets linked to the business plan of the Company attached hereto as EXHIBIT B. The Bonus Plan will be appropriately adjusted to reflect acquisitions.

3. DUTIES.

(a) You shall serve as the President and Chief Executive Officer of the Company, subject to the direction and control of the Board of Directors of the Company. You shall report directly to the Board of Directors of the Company. You shall also be a member of the Board of Directors of the Company. Your principal office shall be located in the vicinity of Boca Raton, Florida, in South Palm Beach County, Florida.

(b) You shall devote your full business time, energies and attention to the business and affairs of the Company and its subsidiaries, if any.

(c) You agree to cooperate with the Company, including taking such reasonable medical examinations as may be necessary, in the event the Company shall desire or be required (such as pursuant to the terms of any bank loan or any other agreement) to obtain life insurance insuring your life.

(d) You shall, except as otherwise provided herein, be subject to the Company's rules, practices and policies applicable to the Company's senior executive employees.

4. BENEFITS. You shall be entitled to such benefits, if any, as are generally provided by the Company to its senior executive employees including, without limitation, per sonal leave, sick leave, vacation leave and holiday leave to the extent such leaves are provided to all senior executive employees. You also shall have the benefit of any life and medical insurance plans, pensions and other similar plans as the Company may have or may establish from time to time for its senior executive employees. The foregoing, however, shall not be construed to require the Company to establish any such plans or to prevent the Company from modifying or terminating any such plans, and no such action or failure thereof shall affect this Agreement. In addition, the Company shall provide you with a term life insurance policy in the amount of $1 million.

5. EXPENSES. The Company will reimburse you for reasonable expenses, including travel expenses, incurred by you in connection with the business of the Company upon the

presentation by you to the Chief Financial Officer of the Company of appropriate substantia tion for such expenses.

6. RESTRICTIVE COVENANTS.

(a) During such time as you shall be employed by the Company, and for a period of two years thereafter, you shall not, without the written consent of the Board of Directors, directly or indirectly become associated with, render services to invest in, represent, advise or otherwise participate as an officer, employee, director, stockholder, partner, agent of or consultant for, any business which is conducted in any of the jurisdictions in which the Com pany's business is conducted and which is competitive with the business in which the Company is engaged at the time your employment with the Company ceases; PROVIDED, HOWEVER, that: (1) nothing herein shall prevent you from acquiring up to 3% of the securities of any company listed on a national securities exchange or quoted on the NASDAQ quotation system, provided your involvement with any such company is solely that of a stockholder; and (2) if your employment hereunder shall be terminated by the Company without Just Cause (as defined below), then the foregoing noncompetition agreement shall, at the election of the Company, be effective for a period of up to two years after such termination provided the Company shall pay you during such period at a per annum rate equal to the sum of: (i) your Base Salary in effect at the time of such termination, plus (ii) the cost of any life and medical insurance benefits you would have been entitled to receive pursuant to Section 4 of this Agreement, plus (iii) the amount you would have been entitled to receive pursuant to Section 2(b) of this Agreement with respect to the fiscal year of the Company in which your employment was terminated (collectively, the

"Total Payment"). In the event the Company is making payments to you pursuant to clause (2) of the immediately preceding sentence, the Company shall have the right to terminate such payments at any time upon 30 days' prior written notice to you, in which event the foregoing noncompetition agreement shall terminate on the 30th day following your receipt of such notice.

(b) The parties hereto intend that the covenant contained in this Sec tion 6 shall be deemed a series of separate covenants for each country, state, county and city in which the Company's business is conducted. If, in any judicial proceeding, a court shall refuse to enforce all the separate covenants deemed included in this Section 6 because, taken together, they cover too extensive a geographic area, the parties intend that those of such covenants (taken in order of the countries, states, counties and cities therein which are least populous) which if eliminated would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions of this Section 6.

7. CONFIDENTIALITY, NON-INTERFERENCE AND PROPRIETARY INFORMATION.

(a) CONFIDENTIALITY. In the course of your employment by the Com pany hereunder and your employment by the Company's predecessor, you will have and have had access to confidential or proprietary data or information of the Company, its predecessor and their respective operations. You will not at any time divulge or communicate to any person nor shall you direct any Company employee to divulge or communicate to any person (other than to a person bound by confidentiality obligations similar to those contained herein and other than as necessary in performing your duties hereunder) or use to the detriment of the Company or for the benefit of any other person,

any of such data or information. The provisions of this Section 7(a) shall survive your employment hereunder, whether by the normal expiration thereof or otherwise. The term "confidential or proprietary data or information" as used in this Agreement shall mean information not generally available to the public or generally known within the staffing industry, including, without limitation, personnel information, financial information, customer lists, sup plier lists, trade secrets, information regarding operations, systems, services, knowhow, computer and any other processed or collated data, computer programs, pricing, marketing and advertising data.

(b) NON-INTERFERENCE. You agree that you will not at any time after the termination of your employment by the Company, for your own account or for the account of any other person, tortiously interfere with the Company's relationship with any of its suppliers, customers or employees.

(c) PROPRIETARY INFORMATION AND DISCLOSURE. You agree that you will at all times promptly disclose to the Company (which, for the purposes of this Section 7, shall include the Company and any subsidiaries and affiliates of the Company), in such form and manner as the Company may reasonably require, any inventions, improvements or procedural or methodological innovations, programs methods, forms, systems, services, designs, marketing ideas, products or processes (whether or not capable of being trade-marked, copyrighted or patented) conceived or developed or created by you during or in connection with your employ ment hereunder and which relate to the business of the Company and any subsidiaries or affiliates ("Intellectual Property"). You agree that all such Intellectual Property shall be the sole property of the Company. You further agree that you

will execute such instruments and perform such acts as may reasonably be requested by the Company to transfer to and perfect in the Com pany all legally protectible rights in such Intellectual Property.

(d) RETURN OF PROPERTY. All written materials, records and documents made by you or coming into your possession during your employment concerning any products, processes or equipment, manufactured, used, developed, investigated or considered by the Com pany or otherwise concerning the business or affairs of the Company, shall be the sole property of the Company, and upon termination of your employment, or upon request of the Company during your employment, you shall promptly deliver same to the Company. In addition, upon termination of your employment, or upon request of the Company during your employment, you will deliver to the Company all other Company property in your possession or under your con trol, including, but not limited to, financial statements, marketing and sales data, patent applica tions, drawings and other documents, and all Company credit cards and automobiles.

8. EQUITABLE RELIEF. With respect to the covenants contained in Sections 6 and 7 of this Agreement, you agree that any remedy at law for any breach of said covenants may be inadequate and that the Company shall be entitled to specific performance or any other mode of injunctive and/or other equitable relief to enforce its rights hereunder or any other relief a court might award.

9. EARLIER TERMINATION. Your employment hereunder shall terminate prior to the expiration of the Initial Term (or any renewal term, in the event of renewal) on the fol lowing terms and conditions:

(a) This Agreement shall terminate automatically on the date of your death.

(b) This Agreement shall be terminated if you are unable to perform your duties hereunder for 120 days (whether or not continuous) during any period of 180 con secutive days by reason of physical or mental disability. The disability shall be deemed to have occurred on the 120th day of your absence or lack of adequate performance.

(c) This Agreement shall terminate immediately upon the Company's sending you written notice terminating your employment hereunder for "Just Cause," which shall mean (i) an act or acts of fraud or dishonesty by you which results in the personal enrichment of you or another person or entity at the expense of the Company; (ii) your admission, confession or conviction of (X) any felony (other than third degree vehicular infractions), or (Y) of any other crime or offense involving misuse or misappropriation of money or other property; (iii) your continued material breach of any obligations under this Agreement 30 days after the Company has given you notice thereof in reasonable detail, if such breach has not been cured by you during such period; or (iv) your gross negligence or willful misconduct with respect to your duties or gross misfeasance of office.

(d) This Agreement shall terminate immediately upon the Company's sending you written notice terminating your employment hereunder (without Just Cause therefor having been given by you) for any reason or for no reason. Upon any such termination, the Com pany's sole obligation to you shall be (i) to pay you the Total Payment that would have been due to you for the remainder of the Initial Term, or the then current renewal term of this Agreement, as the case may be (which shall be paid as and when such amounts would have been due had your employment continued).

In no event will the aggregate payment to be received by you pursuant to this Section 9(d) be less than one year's worth of Base Salary in effect as of the date of termination of your employment hereunder.

(e) Except as specifically set forth in Section 9(d) above, upon termination of this Agreement, the Company's obligations hereunder shall cease.

10. REPRESENTATION AND WARRANTY. The execution, delivery and per formance of this Agreement by you will not conflict with or result in a violation of any agree ment to which you are a party or any law, regulation or court order applicable to you.

11. EFFECTIVENESS; ENTIRE AGREEMENT; MODIFICATION. This Agreement shall not become effective unless and until the Acquisition shall have been consummated. If the Acquisition has not been consummated by September 30, 1999, this Agreement shall auto matically terminate. This Agreement constitutes the full and complete understanding of the parties and will, on the Effective Date, supercede all prior agreements between the parties, Cross Country Staffing and their respective affiliates with respect to your employment arrangements (the "Prior Agreements"). You hereby release the Company and its affiliates, effective as of the Effective Date, from all obligations to you under the Prior Agreements. No representations, inducements, promises, agreements or understandings, oral or otherwise, have been made by either party to this Agreement, or anyone acting on behalf of either party, which are not set forth herein, and any others are specifically waived. This Agreement may not be modified or amended except by an instrument in writing signed by the party against which enforcement thereof may be sought.

12. SEVERABILITY. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

13. WAIVER OF BREACH. The waiver of either party of a breach of any pro vision of this Agreement, which waiver must be in writing to be effective, shall not operate as or be construed as a waiver of any subsequent breach,

14. NOTICES. All notices hereunder shall be in writing and shall be sent by express mail or by certified or registered mail, postage prepaid, return receipt requested, if to you, to your residence as listed in the Company's records, and if to the Company, c/o Charterhouse Group International, Inc., 535 Madison Avenue, New York, New York 10022, attention of Thomas C. Dircks with a copy to Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, attention of Stephen W. Rubin, Esq.

15. ASSIGNABILITY; BINDING EFFECT. This Agreement shall not be assignable by you without the written consent of the Board of Directors of the Company. This Agreement shall be binding upon and inure to the benefit of you, your legal representatives, heirs and dis tributees, and shall be binding upon and inure to the benefit of the Company, its successors and assigns.

16. GOVERNING LAW. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the laws of the State of Florida, without regard to the conflicts or choice of law provisions thereof.

17. HEADINGS. The headings of this Agreement are intended solely for con venience of reference and shall be given no effect in the construction or interpretation of this Agreement.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

19. DISPUTES. In the event of any dispute under this Agreement, the non- prevailing party shall pay all legal fees and expenses of the prevailing party.

20. REVIEW OF THIS AGREEMENT. You acknowledge that you have (a) carefully read this Agreement, (b) had an opportunity to consult with independent counsel with respect to this Agreement and (c) entered into this Agreement of your own free will.

If this letter correctly sets forth our understanding, please sign the duplicate original in the space provided below and return it to the Company, whereupon this shall con stitute the employment agreement between you and the Company effective and for the term as stated herein.

CROSS COUNTRY HOLDINGS, INC.

By: /s/ THOMAS C. DIRCKS

Chairman

Agreed as of the date
first above written:

/s/ JOSEPH BOSHART

Joseph Boshart

Exhibit 10.2

CROSS COUNTRY HOLDINGS, INC.

June 24, 1999

Mr. Emil Hensel
c/o Cross Country Staffing
6551 Park of Commerce Boulevard
Boca Raton, Florida 33487

Dear Mr. Hensel:

Cross Country Holding, Inc., a Delaware corporation (the "Company"), hereby agrees to cause the Company to employ you and you hereby agree to accept such employment under the following terms and conditions:

1. TERM OF EMPLOYMENT.

(a) Except for earlier termination as provided in Section 9 below, your employment under this Agreement shall be for an initial term commencing on the date of the closing of the acquisition (the "Acquisition") of substantially all of the assets of Cross Country Staffing by the Company (the "Effective Date") and terminating on the third anniversary of the Effective Date (the "Initial Term"),

(b) After the Initial Term, this Agreement shall be automatically renewed for successive renewal terms of one year each, unless prior to the end of any such renewal term either party shall have given to the other party at least 90 days' prior written notice of its intention not to renew this Agreement.

2. COMPENSATION.

(a) You shall be compensated for all services rendered by you under this Agreement at the rate of $175,000 per annum (such salary, as it may from time to time be increased, is hereinafter referred to as the "Base Salary"), payable in such manner as is consistent with the Company's payroll practices for executive employees. Prior to each anniversary of the Effective Date, the Board of Directors shall review your performance, the earnings of the Company during the prior year and the Company's economic prospects for the coming year and shall consider in its sole discretion whether to increase the Base Salary payable to you hereunder.

(b) With respect to the Company's fiscal year ending December 31, 1999, you shall be eligible to receive an annual incentive bonus in accordance with the terms of the Bonus Plan of the Company attached hereto as EXHIBIT A. The Company shall adopt similar plans for its subsequent fiscal years during the Initial Term with targets linked to the business plan of the Company attached hereto as EXHIBIT B. The Bonus Plan will be appropriately adjusted to reflect acquisitions.

3. DUTIES.

(a) You shall serve as the Chief Operating Officer and Chief Financial Officer of the Company, subject to the direction and control of the Board of Directors of the Company. You shall report directly to the Chief Executive Officer of the Company. Your principal office shall be located in the vicinity of Boca Raton, Florida, in South Palm Beach County, Florida.

(b) You shall devote your full business time, energies and attention to the business and affairs of the Company and its subsidiaries, if any.

(c) You agree to cooperate with the Company, including taking such reasonable medical examinations as may be necessary, in the event the Company shall desire or be required (such as pursuant to the terms of any bank loan or any other agreement) to obtain life insurance insuring your life.

(d) You shall, except as otherwise provided herein, be subject to the Company's rules, practices and policies applicable to the Company's senior executive employees.

4. BENEFITS. You shall be entitled to such benefits, if any, as are generally provided by the Company to its senior executive employees including, without limitation, personal leave, sick leave, vacation leave and holiday leave to the extent such leaves are provided to all senior executive employees. You also shall have the benefit of any life and medical insurance plans, pensions and other similar plans as the Company may have or may establish from time to time for its senior executive employees. The foregoing, however, shall not be construed to require the Company to establish any such plans or to prevent the Company from modifying or terminating any such plans, and no such action or failure thereof shall affect this Agreement. In addition, the Company shall provide you with a term life insurance policy in the amount of $440,000.

5. EXPENSES. The Company will reimburse you for reasonable expenses, including travel expenses, incurred by you in connection with the business of the Company upon the presentation by you to the Company of appropriate substantiation for such expenses.

6. RESTRICTIVE COVENANTS.

(a) During such time as you shall be employed by the Company, and for a period of two years thereafter, you shall not, without the written consent of the Board of Directors, directly or indirectly become associated with, render services to invest in, represent, advise or otherwise participate as an officer, employee, director, stockholder, partner, agent of or consultant for, any business which is conducted in any of the jurisdictions in which the Company's business is conducted and which is competitive with the business in which the Company is engaged at the time your employment with the Company ceases; PROVIDED, HOWEVER, that: (1) nothing herein shall prevent you from acquiring up to 3% of the securities of any company listed on a national securities exchange or quoted on the NASDAQ quotation system, provided your involvement with any such company is solely that of a stockholder; and (2) if your employment hereunder shall be terminated by the Company without Just Cause (as defined below), then the foregoing noncompetition agreement shall, at the election of the Company, be effective for a period of up to two years after such termination provided the Company shall pay you during such period at a per annum rate equal to the sum of: (i) your Base Salary in effect at the time of such termination, plus (ii) the cost of any life and medical insurance benefits you would have been entitled to receive pursuant to Section 4 of this Agreement, plus (iii) the amount you would have been entitled to receive pursuant to Section 2(b) of this Agreement with

respect to the fiscal year of the Company in which your employment was terminated (collectively, the "Total Payment"). In the event the Company is making payments to you pursuant to clause (2) of the immediately preceding sentence, the Company shall have the right to terminate such payments at any time upon 30 days' prior written notice to you, in which event the foregoing noncompetition agreement shall terminate on the 30th day following your receipt of such notice.

(b) The parties hereto intend that the covenant contained in this Section 6 shall be deemed a series of separate covenants for each country, state, county and city in which the Company's business is conducted. If, in any judicial proceeding, a court shall refuse to enforce all the separate covenants deemed included in this Section 6 because, taken together, they cover too extensive a geographic area, the parties intend that those of such covenants (taken in order of the countries, states, counties and cities therein which are least populous) which if eliminated would permit the remaining separate covenants to be enforced in such proceeding shall, for the purpose of such proceeding, be deemed eliminated from the provisions of this Section 6.

7. CONFIDENTIALITY, NON-INTERFERENCE AND PROPRIETARY INFORMATION.

(a) CONFIDENTIALITY. In the course of your employment by the Company hereunder and your employment by the Company's predecessor, you will have and have had access to confidential or proprietary data or information of the Company, its predecessor and their respective operations. You will not at any time divulge or communicate to any person nor shall you direct any Company employee to divulge or communicate to any person (other than to a person bound by confidentiality obligations similar to those contained herein and other than as necessary in performing

your duties hereunder) or use to the detriment of the Company or for the benefit of any other person, any of such data or information. The provisions of this Section 7(a) shall survive your employment hereunder, whether by the normal expiration thereof or otherwise. The term "confidential or proprietary data or information" as used in this Agreement shall mean information not generally available to the public or generally known within the staffing industry, including, without limitation, personnel information, financial information, customer lists, supplier lists, trade secrets, information regarding operations, systems, services, knowhow, computer and any other processed or collated data, computer programs, pricing, marketing and advertising data.

(b) NON-INTERFERENCE. You agree that you will not at any time after the termination of your employment by the Company, for your own account or for the account of any other person, tortiously interfere with the Company's relationship with any of its suppliers, customers or employees.

(c) PROPRIETARY INFORMATION AND DISCLOSURE. You agree that you will at all times promptly disclose to the Company (which, for the purposes of this Section 7, shall include the Company and any subsidiaries and affiliates of the Company), in such form and manner as the Company may reasonably require, any inventions, improvements or procedural or methodological innovations, programs methods, forms, systems, services, designs, marketing ideas, products or processes (whether or not capable of being trade-marked, copyrighted or patented) conceived or developed or created by you during or in connection with your employment hereunder and which relate to the business of the Company and any subsidiaries or affiliates ("Intellectual Property"). You agree

that all such Intellectual Property shall be the sole property of the Company. You further agree that you will execute such instruments and perform such acts as may reasonably be requested by the Company to transfer to and perfect in the Company all legally protectible rights in such Intellectual Property.

(d) RETURN OF PROPERTY. All written materials, records and documents made by you or coming into your possession during your employment concerning any products, processes or equipment, manufactured, used, developed, investigated or considered by the Company or otherwise concerning the business or affairs of the Company, shall be the sole property of the Company, and upon termination of your employment, or upon request of the Company during your employment, you shall promptly deliver same to the Company. In addition, upon termination of your employment, or upon request of the Company during your employment, you will deliver to the Company all other Company property in your possession or under your con trol, including, but not limited to, financial statements, marketing and sales data, patent applications, drawings and other documents, and all Company credit cards and automobiles.

8. EQUITABLE RELIEF. With respect to the covenants contained in Sections 6 and 7 of this Agreement, you agree that any remedy at law for any breach of said covenants may be inadequate and that the Company shall be entitled to specific performance or any other mode of injunctive and/or other equitable relief to enforce its rights hereunder or any other relief a court might award.

9. EARLIER TERMINATION. Your employment hereunder shall terminate prior to the expiration of the Initial Term (or any renewal term, in the event of renewal) on the following terms and conditions:

(a) This Agreement shall terminate automatically on the date of your death.

(b) This Agreement shall be terminated if you are unable to perform your duties hereunder for 120 days (whether or not continuous) during any period of 180 consecutive days by reason of physical or mental disability. The disability shall be deemed to have occurred on the 120th day of your absence or lack of adequate performance.

(c) This Agreement shall terminate immediately upon the Company's sending you written notice terminating your employment hereunder for "Just Cause," which shall mean (i) an act or acts of fraud or dishonesty by you which results in the personal enrichment of you or another person or entity at the expense of the Company; (ii) your admission, confession or conviction of (X) any felony (other than third degree vehicular infractions), or (Y) of any other crime or offense involving misuse or misappropriation of money or other property; (iii) your continued material breach of any obligations under this Agreement 30 days after the Company has given you notice thereof in reasonable detail, if such breach has not been cured by you during such period; or (iv) your gross negligence or willful misconduct with respect to your duties or gross misfeasance of office.

(d) This Agreement shall terminate immediately upon the Company's sending you written notice terminating your employment hereunder (without Just Cause therefor having

been given by you) for any reason or for no reason. Upon any such termination, the Company's sole obligation to you shall be (i) to pay you the Total Payment that would have been due to you for the remainder of the Initial Term, or the then current renewal term of this Agreement, as the case may be (which shall be paid as and when such amounts would have been due had your employment continued). In no event will the aggregate payment to be received by you pursuant to this Section 9(d) be less than one year's worth of Base Salary in effect as of the date of termination of your employment hereunder.

(e) Except as specifically set forth in Section 9(d) above, upon termination of this Agreement, the Company's obligations hereunder shall cease.

10. REPRESENTATION AND WARRANTY. The execution, delivery and performance of this Agreement by you will not conflict with or result in a violation of any agreement to which you are a party or any law, regulation or court order applicable to you.

11. EFFECTIVENESS; ENTIRE AGREEMENT; MODIFICATION. This Agreement shall not become effective unless and until the Acquisition shall have been consummated. If the Acquisition has not been consummated by September 30, 1999, this Agreement shall automatically terminate. This Agreement constitutes the full and complete understanding of the parties and will, on the Effective Date, supercede all prior agreements between the parties, Cross Country Staffing and their respective affiliates with respect to your employment arrangements (the "Prior Agreements"). You hereby release the Company and its affiliates, effective as of the Effective Date, from all obligations to you under the Prior Agreements. No representations, inducements, promises, agreements or understandings, oral or otherwise, have been made by either party to this Agreement, or anyone acting on behalf of either

party, which are not set forth herein, and any others are specifically waived. This Agreement may not be modified or amended except by an instrument in writing signed by the party against which enforcement thereof may be sought.

12. SEVERABILITY. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

13. WAIVER OF BREACH. The waiver of either party of a breach of any provision of this Agreement, which waiver must be in writing to be effective, shall not operate as or be construed as a waiver of any subsequent breach,

14. NOTICES. All notices hereunder shall be in writing and shall be sent by express mail or by certified or registered mail, postage prepaid, return receipt requested, if to you, to your residence as listed in the Company's records, and if to the Company, c/o Charterhouse Group International, Inc., 535 Madison Avenue, New York, New York 10022, attention of Thomas C. Dircks with a copy to Proskauer Rose LLP, 1585 Broadway, New York, New York 10036, attention of Stephen W. Rubin, Esq.

15. ASSIGNABILITY; BINDING EFFECT. This Agreement shall not be assignable by you without the written consent of the Management Committee (or Board of Directors) of the

Company. This Agreement shall be binding upon and inure to the benefit of you, your legal representatives, heirs and distributees, and shall be binding upon and inure to the benefit of the Company, its successors and assigns.

16. GOVERNING LAW. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the laws of the State of Florida, without regard to the conflicts or choice of law provisions thereof.

17. HEADINGS. The headings of this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

19. DISPUTES. In the event of any dispute under this Agreement, the non-prevailing party shall pay all legal fees and expenses of the prevailing party.

20. REVIEW OF THIS AGREEMENT. You acknowledge that you have (a) carefully read this Agreement, (b) had an opportunity to consult with independent counsel with respect to this Agreement and (c) entered into this Agreement of your own free will.

If this letter correctly sets forth our understanding, please sign the duplicate original in the space provided below and return it to the Company, whereupon this shall constitute the employment agreement between you and the Company effective and for the term as stated herein.

CROSS COUNTRY HOLDINGS, INC.

By: /s/ THOMAS C. DIRCKS

Chairman

Agreed as of the date
first above written:

/s/ EMIL HENSEL

Emil Hensel

Exhibit 10.3

As of December 21, 2000

Mr. Bruce Cerullo
c/o Cross Country TravCorps, Inc.
40 Eastern Avenue
Malden, Massachusetts 02148

Dear Mr. Cerullo:

The purpose of this letter agreement and general release (the "Agreement") is to acknowledge, and set forth the terms of, our agreement with regard to the termination of your employment with Cross Country TravCorps, Inc. (formerly known as Cross Country Staffing, Inc. and referred to hereinafter as the "Company").

1. (a) You hereby confirm your resignation as of December 31, 2000 (the "Termination Date") as (i) Chairman of Board of Directors of the Company, a position you held pursuant to that certain Employment Agreement dated December 16, 1999 (the "Employment Agreement") between you and the Company (attached hereto as EXHIBIT A) and (ii) Chairman of Hospital Hub, Inc. to which you were appointed pursuant to a letter agreement between the Company and TravCorps Corporation dated on December 16, 1999.

(b) You agree that your resignation as Chairman of the Board of Directors is without "Good Reason," as that term is defined in Section 9(f) of the Employment Agreement. Further, it is agreed that the rights and obligations of the Company and you under the Employment Agreement are terminated in their entirety, except as otherwise provided in Sections 6, 7, and 8 of the Employment Agreement, or in this Agreement.

(c) You agree that Section 6 - Restrictive Covenant set forth in the Employment Agreement shall hereby be amended so that the covenants and restrictions set forth in such Section 6 shall continue to be binding upon you until the fourth anniversary of the date on which you cease to be a member of the Board of Directors of the Company.

(d) You agree to continue to serve as a member of the Board of Directors of the Company after the Termination Date until you resign or are removed from the Board of Directors pursuant to the procedures set forth in the Bylaws of the Company.

(e) Following the Termination Date, you agree to make yourself available to provide consulting services related to the transition to a new Chairman of the Board of the Company and other advice or services as may be requested by the Board of the Company ("Consulting Services"). In consideration of the Consulting Services, you will receive the amounts set forth in Section 2(b) of this Agreement. You will receive no additional compensation for rendering the Consulting Services. The Consulting Services will be provided at such times and locations as may be requested upon reasonable notice by the Company and are reasonably convenient for you, taking into account your other responsibilities and activities. The Company shall reimburse you for all reasonable out-of-pocket expenses (other than travel to and from the Company's office) you incur in connection with your performance of the Consulting Services upon presentation of receipts in accordance with the Company's standard practice.

2. (a) You will continue to be paid your current base salary of $270,000 per annum through the Termination Date in accordance with the Company's normal payroll practices. You will, subject to and in accordance with the Company's normal practices and policies, be entitled to receive payment for: (i) any unreimbursed business expenses through the Termination Date that are promptly submitted to the Company, and (ii) any accrued (but unused) vacation for the year 2000 through the Termination Date. In addition, pursuant to Section 2(a) of your Employment Agreement, you will receive a bonus in accordance with the terms of the Bonus Plan of the Company for the services you performed for the Company during 2000 to be paid in accordance with the Company's normal practices for paying 2000 bonuses.

(b) After the Termination Date, the Company agrees to pay you two-hundred fifty dollars ($250.00) per hour for consulting services rendered by you to the Company under Section 1(e) of this Agreement.

(c) You hereby waive any rights as an employee or deemed employee of the Company or any of its affiliates during the period you are providing Consulting Services. The parties hereto acknowledge and agree that all compensation paid in consideration for the Consulting Services shall represent fees as an independent contractor, and shall therefor, be paid without any deductions or withholdings taken therefrom for taxes or any other purpose. You further acknowledge that the Company makes no warranties as to any tax consequences regarding payment of such fees, and you specifically agree that the determination of any tax liability or other consequences of

the payment set forth in Section 2(b) is your sole and complete responsibility and that you will pay all federal, state and local taxes, if any, assessed on such payment.

(d) The Company agrees to pay you amounts which outside members of the Board of Directors of the Company receive for acting in such capacity.

3. (a) You hereby acknowledge that, effective as of the Termination Date, you will cease to be an employee of the Company and will not be eligible for any benefits or compensation previously provided to you under the Employment Agreement, except as otherwise provided in this Agreement.

(b) The Company agrees, at its cost, to provide to you, and the members of your immediately family currently participating in the Company's Tufts medical insurance plan and Cigna dental insurance plan, medical and dental insurance coverage that is similar to such insurance that is made available to employees of the Company located in Massachusetts. The Company agrees to continue to provide this medical and dental coverage until the earlier of (i) the date on which you receive medical or dental coverage from another insurance plan, and (ii) the date on which you cease to be a member of the Board of Directors of the Company.

4. You agree that any rights, either express or implied, to make an investment in Hospital Hub, Inc. that you were granted prior to the execution of this Agreement are hereby terminated.

5. (a) You acknowledge that as a result of the diminution of your responsibilities in the Company, you agree to the cancellation and termination of all stock options unvested as of the Termination Date that are set forth on SCHEDULE I. These options were granted under the Cross Country Staffing, Inc. Equity Participation Plan (the "EPP") and are set forth in your Stock Option Agreement, which is dated December 16, 2000 and attached hereto as EXHIBIT B (the "Stock Option Agreement").

(b) As of the Termination Date, pursuant to Section 3(a) of your Stock Option Agreement, your exercisable and vested stock options are set forth on SCHEDULE II. As additional consideration for entering into this Agreement, for so long as you remain a consultant to, and Director of, the Company, you may retain such options, which remain governed by the Stock Option Agreement and the EPP and therefore the options will remain exercisable within 30 days from the date on which you cease to be a consultant to, and member of the Board of Directors of, the Company.

6. You acknowledge that the payments to made to you pursuant to this Agreement exceed those to which you would otherwise be entitled under the normal operation of any benefit plan, policy, or procedure of the Company or under any previous agreement (written or oral) between you and the Company. You further acknowledge that the agreement by Company to provide you such additional payments beyond your entitlement is conditioned upon your release of all claims against the Company as provided by Section 7 hereof and your compliance with the terms of this Agreement.

7. (a) For and in consideration of the promises set forth in this Agreement, you, your heirs, dependents, executors, administrators, trustees, legal representatives and assigns (collectively referred to as "Releasors") hereby forever release and discharge the Company and its subsidiaries, all employee benefit and/or pension plans or funds, and their successors and assigns, and all of its or their past, present and/or future officers, trustees, agents, attorneys, employees, fiduciaries, administrators and assigns, whether acting as agents for the Company or its subsidiaries, or in their individual capacities (collectively referred to as "Releasees"), from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever, whether known or unknown, which Releasors ever had, now have or hereafter may have against Releasees by reason of any actual or alleged act, omission, transaction, practice, conduct, occurrence, or other matter up to and including the date of your execution of this Agreement in connection with, or in any way related to or arising out of, your employment, service as a trustee, service as a fiduciary or termination of any of the foregoing with the Company or its subsidiaries, or any other agreement, understanding, relationship or arrangement with the Company or its subsidiaries; provided, however, that nothing in this letter agreement shall be deemed to vitiate any rights to indemnification which you may have under the Company's charter or bylaws or under applicable law.

(b) Without limiting the generality of the foregoing, Releasors release and discharge Releasees from: (i) any claim of discrimination or retaliation under the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Massachusetts Fair Employment Practices Act, the Massachusetts Age Discrimination Law, the Massachusetts Maternity Leave Act, and the Massachusetts Small Necessities Leave Act, and/or any other federal, state or local law or ordinance prohibiting employment discrimination; (ii) any claim for breach of contract (express or implied), fraud, wrongful or constructive discharge, intentional or negligent misrepresentation, retaliatory discharge, intentional interference with contract, detrimental reliance, defamation, emotional distress or compensatory or punitive damages; and (iii) any claim for attorney's fees, costs, disbursements and the like.

(c) You agree that you will not, from any source or proceeding, seek or accept any award or settlement with respect to any claim or right covered by Section 7(a) or (b) above, including, without limitation, any source or proceeding involving any person or entity, the United States Equal Employment Opportunity Commission or other similar federal or state agency. Except as otherwise prohibited by law, you further agree that you will not, at any time hereafter, commence, maintain, prosecute, participate in as a party, permit to be filed by any other person on your behalf (to the extent it is within your control or permitted by law), or assist in the commencement or prosecution of as an advisor, witness (unless compelled by legal process or court order) or otherwise, any action or proceeding of any kind, judicial or administrative (on your own behalf, on behalf of any other person and/or on behalf of or as a member of any alleged class of persons) in any court, agency, investigative or administrative body against any Releasee with respect to any actual or alleged act, omission, transaction, practice, conduct, occurrence or any other matter up to and including the date of your execution of this Agreement which you released pursuant to Section 7(a) or (b) above. You further represent that, as of the date you sign this Agreement, you have not taken any action encompassed by this Section 7(c). If, notwithstanding the foregoing promises, you violate this Section 7(c), you shall indemnify and hold harmless Releasees from and against any and all demands, assessments, judgments, costs, damages, losses and liabilities and attorneys' fees and other expenses which result from, or are incidents to, such violation.

(d) The release and covenants in this Section 7 relate only to matters arising during the period of your employment with the Company and its predecessor, TravCorps Corporation, prior to the Termination Date and to matters arising out of the circumstances surrounding the termination of your employment from the Company and the execution of this Agreement.

8. For and in consideration of the promises set forth in this Agreement, the Company agrees to release you from any and all claims, demands, causes of action, fees and liabilities of any kind whatsoever (collectively referred to as "Claims"), known to the Company on the Termination Date which the Company ever had, now has or hereafter may have against you by reason of any act or alleged act, omission, transaction, practice, conduct, occurrence, or other matter (collectively referred to as "Actions"), up to and including the Termination Date in connection with, or in any way related to or arising out of, your employment as the Chairman of the Directors of the Company or as the Chairman of Hospital Hub, Inc.; provided, however, this release specifically excludes any Claims arising out of or related to any Actions: (a) constituting or resulting in a breach of a director's duty of loyalty to the Company or its stockholders, (b) not in good faith or that involve intentional misconduct or a knowing violation of law, (c)

constituting or resulting in a violation of Section 174 of the General Corporation Law of the State of Delaware, or (d) from which you may have derived an improper personal benefit.

9. The existence, terms, and conditions of this Agreement are and shall be deemed to be fully confidential and shall not be disclosed by you to any other person or entity, except: (i) as may be required by law; (ii) to your accountant to the extent necessary to prepare your tax returns; (iii) to your spouse and attorney, provided that you give to each such person to whom disclosure is made notice of the confidentiality provisions of this Agreement and each agrees to keep the existence, terms and conditions of this Agreement fully confidential.

10. Pursuant to Section 7(f)(2) of the Age Discrimination in Employment Act of 1967, as amended, the Company hereby advises you that you should consult independent counsel before executing this Agreement; and you acknowledge that you have been so advised. You further acknowledge that you had an opportunity to consider this Agreement for at least twenty-one (21) days before signing it. It is understood and agreed that the offer contained in this Agreement will automatically expire on the 30th day following the date on which this Agreement is received by your attorneys.

11. This Agreement shall not become effective until the eighth day following the date on which you sign it (the "Effective Date"). You understand that you may at any time prior to the Effective Date revoke this Agreement by delivering written notice of revocation to Joseph Boshart, c/o Cross Country TravCorps, Inc., 6551 Park of Commerce Boulevard, Suite 200, Boca Raton, FL 33487.

12. This Agreement represents the complete understanding between you and the Company and supersedes any and all other agreements between the parties, except as otherwise provided herein. No other promises or agreements shall be binding unless in writing and signed by you and the Company.

13. All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the laws of The Commonwealth of Massachusetts without regard to the conflicts or choice of law provisions thereof.

14. This Agreement is binding upon, and shall inure to the benefit of you and the Company and your and its respective heirs, executors, administrators, successors and assigns.

If this Agreement is acceptable to you, please sign the enclosed duplicate original and return the signed Agreement to me.

CROSS COUNTRY TRAVCORPS, INC.

By: /s/ JOSEPH BOSHART

Joseph Boshart

Accepted and Agreed to:

By: /s/ BRUCE A. CERULLO

Bruce A. Cerullo

EXHIBIT B

SCHEDULE I

Pursuant to the Stock Option Agreement, for each Vesting Date after the 12 month anniversary of the Grant Date, the Participant's vested rights would increase by 12.5 percent of the total number of shares granted in each Tranche. Pursuant to Section 5(a) of this Separation Agreement, the Participant forfeits the option rights that he would have acquired on each of six Vesting Dates occurring after the date as of this Agreement is executed. The number of shares of Company stock forfeited by the Participant is represented below.

TRANCHE	NUMBER OF UNVESTED OPTIONS
Tranche 1	1976.8092
Tranche 2	3721.0526
Tranche 3	3721.0526
Tranche 4	813.9803
Tranche 5	813.9803

Total Number of Unvested Options per anniversary period = 11,046.875
Total Number of Unvested Options = 11,046.875 x 6 = 66281.25

SCHEDULE II

The Participant's rights in 25 percent of the total number of shares granted in each Tranche set forth in the Stock Option Agreement will have vested as of December 31, 2000. Upon the execution of this Agreement, the Participant will retain the right to these vested options pursuant to Section 6(b) of this Separation Agreement. The number of shares for each Tranche to which the Participant has an retained an option is set forth below.

TRANCHE	NUMBER OF VESTED OPTIONS	OPTION PRICE
Tranche 1	3,953.6013	$44.96
Tranche 2	7,442.1030	$67.44
Tranche 3	7,442.1030	$89.92
Tranche 4	1,627.9559	$112.40
Tranche 5	1,627.9559	$134.88

TOTAL NUMBER OF OPTIONS: 22,093.7281

Exhibit 10.4

LEASE DATED APRIL 28th, 1997 BETWEEN

MERIDIAN PROPERTIES, AS LANDLORD,

AND CROSS COUNTRY STAFFING, AS TENANT,

FOR OFFICE PREMISES LOCATED IN BOCA RATON, FLORIDA

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

LIST OF EXHIBITS

LEASE

THIS LEASE, made as of the 28th day of April, 1997 between MERIDIAN PROPERTIES, a Michigan partnership having an office at 7777 Glades Road, Suite 201, Boca Raton, Florida 33433 (hereinafter called "Landlord"), and CROSS COUNTRY STAFFING, a Delaware partnership having an office at 6601 Park of Commerce Boulevard, Boca Raton, Florida (hereinafter called "Tenant").

ARTICLE I
Demised Premises

Landlord, in consideration of the rents to be paid and covenants and agreements to be performed and observed by Tenant, leases to Tenant and Tenant leases and takes from Landlord the entire second floor of a building (the "Building") to be constructed by Landlord on land (the "Land") located in Boca Raton, Palm Beach County, Florida, legally described on Exhibit "A" annexed hereto, which demised premises (the "Demised Premises") are intended to contain approximately 35,000 rentable square feet of floor area, as depicted on the structural plan prepared by Burton Braswell dated May 19, 1997, and will be configured as depicted on the plan of the Demised Premises to be annexed hereto as Exhibit "B," and will form part of an Office Facility (hereafter defined) to be constructed as depicted on the site plan annexed hereto as Exhibit "C." The Land and Building and all improvements now or hereafter constructed thereon are hereinafter collectively referred to as the "Office Facility."

ARTICLE 2
Term

Section 1. Lease Term

The term of this Lease shall begin on the Commencement Date (hereafter defined), and shall terminate on April 30, 2008 ("Expiration Date"), unless terminated or extended as provided herein. For purposes of this Lease, a "Lease Year" shall be the twelve-month period commencing on January 1st and terminating on the following December 31st, except, however, that if the Commencement Date shall be other than January 1st, the first Lease Year shall be the period commencing on the Commencement Date and terminating on the second December 31st thereafter. The last Lease Year shall be the period commencing with January 1, 2008 and terminating on the Expiration Date.

Section 2. Commencement Date

The "Commencement Date" shall be the later of (a) December 1, 1997 or (b) the

date on which: (i) Landlord delivers possession of the Demised Premises to Tenant, broom clean and substantially completed by Landlord in accordance with the Plans and Specifications (hereafter defined), as certified by Anderson Architecture, Inc., (ii) Landlord delivers to Tenant a copy of the temporary or permanent Certificate of Occupancy executed by the appropriate public authority and all other requisite permits for Tenant to occupy the Demised Premises for the use intended hereunder (except for those permits related to Tenant's use of the Demised Premises, which shall be Tenant's responsibility to obtain), including an inspection certificate of approval by the National Board of Fire Underwriters or equivalent rating authority, and (iii) the telephone trunk line is hooked up to the Building and the Building is fully wired for telephone and computer service.

Section 3. Delayed Completion

If Landlord fails to: (a) obtain by July 1,1997 the building permit required by local governmental authorities for construction of the Office Facility (not including Tenant's Build Out) (the "Building Permit"), or (b) commence construction of the Building within fifteen (15) days after obtaining the Building Permit and thereafter continue to diligently pursue construction, then Tenant may terminate this Lease by delivering written notice to Landlord setting forth Tenant's reason for terminating and giving Landlord 15 days to cure; if Landlord fails to cure, the Lease shall be terminated. Landlord shall deliver a copy of the Building Permit to Tenant promptly after Landlord obtains it and shall notify Tenant in writing of the day that construction commences. On or before October 15, 1997, Landlord shall deliver written notice to Tenant informing Tenant when Landlord reasonably expects the Commencement Date to occur. If the Commencement Date occurs later than May 1,1998, Tenant will be constrained from adding new employees and growing its business as expected and may have to move to temporary premises or pay holdover rent. Landlord therefore agrees, if the Commencement Date has not occurred by May 1,1998, Landlord shall pay Tenant the sum of $1333 per day from May 1,1998 through the Commencement Date. Landlord shall pay these sums by giving Tenant a credit against future rents (the rents due the soonest under this Lease), unless the Commencement Date has not occurred by August 31, 1998, in which event Landlord shall immediately pay all such accrued sums to Tenant in cash and shall continue to pay such sums to Tenant in cash on a weekly basis as they accrue.

ARTICLE 3
Right to Extend and Expand

Section 1. Right to Extend

Tenant shall have the right, at its election, to extend the original term of this Lease for two (2) successive additional periods of five (5) years each, exercisable upon the following terms and conditions:

(a) Tenant shall give Landlord written notice of its election to extend the term not later than nine (9) months prior to the expiration of the then-current term;

(b) Tenant shall not be in default under this Lease at the time of the exercise of such election or thereafter until commencement of the extension term; and

(c) Each extended term shall be upon the same terms and conditions as specified in this Lease (including the continuation of the 3% annual increases in Base Rent), except that Tenant shall have no further election to extend the term of this Lease beyond the second extended term.

If Tenant does not give Landlord timely notice of its election to exercise an option to extend, then Tenant shall be deemed to have waived that option and any subsequent options to extend, and the Lease shall expire at the end of the then-current term.

Section 2. Right to Expand

(a) During the term of this Lease, Tenant shall have the right of first offer (all space to be offered to Tenant first) on all space in the Building as it becomes available for rent, at the same rental rate and upon the same terms and conditions as Landlord, reasonably and in good faith, intends to offer such space for rent to the public. Landlord shall deliver a written offer to Tenant ("Landlord's Offer") when Landlord becomes aware that space in the Building will be available for rent describing the space and setting forth the rental rate and other terms that Landlord would be willing to accept from Tenant, which rate and terms shall be the same rate and terms as Landlord, reasonably and in good faith, intends to offer such space for rent to the public should Tenant not accept the offer.

(b) The right of first offer shall be exercisable upon the following terms and conditions:

(i) Promptly after receipt of Landlord's Offer, Tenant shall give Landlord a verbal indication of whether or not Tenant is interested in the space and, if interested, shall deliver a written acceptance or a counter offer to Landlord not later than thirty (30) days after Tenant's receipt of Landlord's Offer; and

(ii) Tenant shall not be in default under this Lease at the time of exercise of the right of first offer, nor at any time thereafter until Tenant takes possession of the additional space.

(c) Should Tenant elect not to accept Landlord's Offer, and should Landlord subsequently, reasonably and in good faith, decide to lower the rental rate below the rate previously offered to Tenant (including offering free rent or reduced rent for a

longer period of time than previously offered to Tenant), then Landlord shall first offer the space to Tenant at the lower rental rate, and thereafter the same conditions and procedures shall apply and be followed by the parties as outlined in the preceding paragraphs of this Section.

ARTICLE 4
Rent and Security Deposit

Section 1. Base Rent

(a) Tenant agrees to pay Landlord and Landlord agrees to accept, at such place as Landlord shall from time to time direct by notice to Tenant, minimum annual rent ("Base Rent") in the amount of $9.50 per rentable square foot. Landlord has waived the Base Rent for four months from the Commencement Date (the "Free Rent Period"). The Base Rent shall be payable in equal monthly installments, in advance on the first day of each calendar month, commencing at the expiration of the Free Rent Period (the "Rent Commencement Date"). The Base Rent shall increase every twelve (12) months, commencing on the first day of the third Lease Year, and on the first day of each succeeding Lease Year thereafter, by three percent (3%) over the Base Rent for the previous Lease Year. If this Lease commences on a day other than the first day of a month, or terminates on a day other than the last day of a month, Tenant shall pay a prorata portion of the monthly installment of Base Rent for the applicable fractional portion of that month.

(b) Notwithstanding the foregoing, if Tenant is able to relet its current premises at 1515 South Federal Highway, Boca Raton, Florida, or is otherwise relieved of all or part of its rental obligations for such facility for all or a portion of the lease term remaining after Tenant vacates its current premises and takes occupancy of the Demised Premises, Tenant shall share with Landlord 50% of such savings realized by Tenant (payable by Tenant to Landlord in installments at the same time that Tenant would otherwise have been obligated to make rental payments under the lease for the current premises).

(c) Tenant shall pay Florida Sales Tax on the Base Rent and additional rent payable hereunder to Landlord on a monthly basis together with the Base Rent. Landlord shall inform Tenant of the amount of the Florida Sales Tax owed. Tenant shall not be required to pay any estate, inheritance, succession, capital levy, gross receipts, transfer or income tax of Landlord.

Section 2. Assumed Square Footage

The Base Rent set forth above shall be calculated assuming the Demised Premises contains exactly 35,000 rentable square feet, irrespective of the actual "as built" measurements.

Section 3. Security Deposit

Tenant has deposited with Landlord the sum of $80,000.00 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease. In the event Tenant defaults in the payment or performance of any of the terms of this Lease, Landlord may use or retain the whole or any part of the security deposit to the extent required for the payment of any delinquent rent or to remedy any performance default. In the event Tenant timely pays all rent obligations and is not otherwise in default during the first five (5) Lease Years, Landlord shall refund one half ($40,000.00) of the security deposit to Tenant at the commencement of the sixth Lease Year. In the event of a sale of the Building, Landlord shall have the right to transfer the security deposit to the purchaser, and thereupon be released from all liability for the return of the security deposit and Tenant shall look solely to the new Landlord for return of the security deposit. Tenant shall not use the security deposit towards payment of the final months' rent.

ARTICLE 5
Operating Expenses

Section 1. Tenant's Proportionate Share

For the purposes of this Lease, the term "Tenant's Proportionate Share" shall mean fifty percent (50%).

Section 2. Operating Expenses

(a) The term "Operating Expenses" shall mean all costs of operation and maintenance of the Office Facility as determined in accordance with generally accepted accounting principles, consistently applied, and shall include the costs incurred by Landlord for wages and salaries paid by Landlord to all persons engaged in the normal operation, maintenance and repair of the Office Facility, including:

(i) Social Security taxes, Unemployment Insurance taxes, other provisions imposed by law and so-called "fringe-benefits" incurred by Landlord under the provisions of any collective bargaining agreement;

(ii) amounts reasonably expended by Landlord to repair, replace and maintain the Building and the Common Areas in accordance with Articles 7 and 8 and the cost of supplies, materials, tools, and property maintenance equipment used in connection therewith, except as otherwise provided in this Lease (e.g., structural, roof and warranty repairs);

(iii) premiums, deductibles or casualty loss and other charges which Landlord in good faith pays and incurs with respect to the all risk insurance on the Building described in Article 15, Section 1 and comprehensive general liability insurance on the Common Areas described in Article 10, Section 2 (b);

(iv) electricity charges, water charges, sewer rents and other utility charges not specifically paid for by Tenant or other tenants of the Building, including utilities to the Common Areas;

(v) all real or personal property taxes (or payments in lieu of such taxes), excises, levies, fees, or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind which are assessed, levied, charged, confirmed or imposed by any public authority upon the Office Facility, except that Tenant and all other tenants of the Office Facility will be responsible for ad valorem taxes on their personal property and on the value of their leasehold improvements. The property tax assessments (both real and personal) are generally not known until October or November of each year. For budgeting purposes and determining the proper amount of taxes for purposes of estimating the Operating Expenses for the next Lease Year, Landlord shall use an estimated amount based upon one hundred five percent (105%) of the previous year's actual tax bills (with maximum discount for early payment). An adjustment from the estimated amount to the actual tax bills shall be made in the month in which the actual tax bills are received. All charges to Tenant for taxes shall be based upon the maximum discount for early payment. As to special assessments which are payable over a period of time extending beyond the term of this Lease, only a prorata portion thereof covering the unexpired portion of the term at time of imposition of the assessment shall be included in the Operating Expenses;

(vi) except as hereafter provided, amounts reasonably expended by Landlord for professional fees including, without limitation, engineering, legal and accounting fees; and

(vii) amounts reasonably expended by Landlord for management fees, up to a maximum of 4.0% of the Base Rent in effect on January 1 of the applicable Lease Year;

(viii) janitorial service, window washing, pest control, garbage removal (including dumpster rental) and similar services for the Demised Premises and the Common Areas;

(ix) owners' and merchants' association fees or dues, including fees to the Arvida Park of Commerce association;

(x) the reasonable costs associated with maintaining security for the Office Facility (Arvida Park of Commerce currently provides security patrol at night and weekends and a guard at the Office Facility entrance as part of the Arvida Park of Commerce fees);

(xi) the reasonable costs of window cleaning, energy management, elevator and service agreements for the Office Facility and the equipment and fixtures therein and thereon, and the cost of all supplies, signs, directories, materials, tools and equipment used in connection therewith; and

(xii) costs of a capital nature that benefit the Office Facility as a whole, including, without limitation, capital improvements, capital replacements, capital repairs, capital equipment and capital tools, amortized on a straight line basis over the useful life of the capital improvement in accordance with generally accepted accounting principles, consistently applied; and

(xiii) any other reasonable expenses, direct or indirect, incurred by Landlord in connection with the operation, maintenance and repair of the Office Facility, except as otherwise provided in this Lease.

Operating Expenses shall be "net" only, and for that purpose shall be deemed reduced by the amounts of any insurance reimbursement, other reimbursement, recoupment, payment, discount, credit, reduction or allowance received by Landlord in connection with such Operating Expenses.

(b) Notwithstanding anything contained herein and without limiting the generality of the foregoing, the following costs shall not be included in Operating Expenses:

(i) leasing commissions;

(ii) payments of principal and interest on any mortgages or other encumbrances upon the Building or Land;

(iii) utilities furnished directly to Tenant and paid for directly by Tenant or another tenant of the Building;

(iv) additional suite maintenance or repairs directly billed and paid for by Tenant or another tenant of the Building;

(v) depreciation on the Building;

(vi) expenses of operating and maintaining Landlord's own offices in the Building;

(vii) other tenants' personal property taxes;

(viii) costs incurred by Landlord with respect to goods and services provided to tenants of the Building (including utilities sold and supplied to tenants and occupants of the Building) to the extent that Landlord is entitled to reimbursement for such costs other than through the Operating Expense pass-through provisions of such tenant leases;

(ix) costs incurred by Landlord for repairs, replacements and/or restoration to the Building or Common Areas to the extent that Landlord is reimbursed by insurance or condemnation proceeds or by tenants, warrantors or other third persons;

(x) costs, including cost of plans, construction, permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for other tenants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(xi) attorneys' fees and other costs and expenses incurred in connection with the negotiations or disputes with present or prospective tenants or other occupants of the Building other than Tenant;

(xii) costs of a capital nature that benefit selected tenant(s) rather than the Office Facility as a whole, including, without limitation, capital improvements, capital replacements, capital repairs, capital equipment and

capital tools, all as determined in accordance with generally accepted accounting principles, consistently applied;

(xiii) brokerage commissions, tenant incentives, finders' fees, attorneys' fees, advertising expenses, entertainment and travel expenses and other costs incurred by Landlord in leasing or attempting to lease space in the Building;

(xiv) interest on debt or amortization on any mortgage or mortgages encumbering the Building or Common Areas;

(xv) Landlord's general corporate overhead;

(xvi) rental payments incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except operating/maintenance equipment not affixed to the Building or Common Areas which is used in providing janitorial or similar services;

(xvii) costs of installing the initial landscaping and any initial furniture, sculpture, paintings and objects of art for the Building and Common Areas;

(xviii) advertising and promotional expenditures;

(xix) repairs, alterations, additions, improvements or replacements made to rectify or correct any defect in the original construction of the Building or Common Areas, including defects in design, materials or workmanship, and the costs incurred to repair any damage to persons or property caused by such defects;

(xx) repairs or replacements covered by warranties or guaranties to the extent of service or payment thereunder;

(xxi) damage and repairs of a capital nature to the Common Areas attributable to condemnation, fire or other casualty, and damage and repairs of a non-capital nature to the Common Areas attributable to condemnation, fire or other casualty to the extent of awards or insurance proceeds received by Landlord;

(xxii) damage and repairs necessitated by the negligence or willful misconduct of Landlord or Landlord's employees, contractors, agents or invitees or other tenants of the Building or their employees, contractors, agents or invitees;

(xxiii) executive salaries or salaries of service personnel to the extent that such service personnel perform services other than in connection with the management, operation, repair or maintenance of the Office Facility;

(xxiv) accountant's fees and other expenses associated with the enforcement of any leases or defense of Landlord's title to or interest in the Office Facility; and

(xxv) services furnished to some tenants which are not furnished to Tenant.

Landlord shall not collect in excess of one hundred percent (100%) of all Operating Expenses.

(c) For each Lease Year during the term of this Lease, Tenant shall pay to Landlord as additional rent a sum equal to Tenant's Proportionate Share of the Operating Expenses ("Tenant's Operating Payment"). Notwithstanding the foregoing, Tenant's Operating Payment for the second and any subsequent Lease Year shall not exceed Tenant's Operating Payment for the previous Lease Year by more than 5%, excluding real estate taxes, utilities, sewer and water and other governmental charges, insurance premiums and association fees imposed by Arvida Park and Commerce East (or its successor). Landlord shall furnish to Tenant, prior to the commencement of each Lease Year a written statement setting forth Landlord's estimate of Tenant's Operating Payment for the Lease Year, and the method of calculation of Tenant's Operating Payment. Tenant shall pay to Landlord on the first day of each month during such Lease Year an amount equal to one-twelfth (1/12th) of Landlord's estimate of Tenant's Operating Payment for such Lease Year.

(d) After the end of each Lease Year, Landlord shall furnish to Tenant a Landlord's Statement for such Lease Year setting forth in reasonable detail the actual Operating Expenses, which shall be prepared by a certified public accountant or managing agent designated by Landlord. If the Landlord's Statement shows that Tenant paid too much in Operating Expenses for such Lease Year, Landlord shall either refund to Tenant the amount of such excess or permit Tenant to credit the amount of such excess against subsequent payments under this Lease; and if the Landlord's Statement shows that Tenant paid too little in Operating Expenses for such Lease Year, Tenant shall pay the amount of such deficiency within thirty (30) days after demand therefor, subject to the 5% cap on yearly increases specified in Section (c) of this Article.

(e) If the Commencement Date or the Expiration Date shall occur on a date other than January 1 or December 31, respectively, any Operating Expenses for the Lease Year in which such Commencement Date or Expiration Date shall occur shall be

apportioned. In the event of a termination of this Lease, any Operating Expenses shall be paid or adjusted within thirty (30) days after submission of a Landlord's Statement. The rights and obligations of Landlord and Tenant under the provisions of this Article with respect to any Operating Expenses shall survive the termination of this Lease.

(f) Each Landlord's Statement shall be conclusive and binding upon Tenant unless within forty five (45) days after receipt of such Landlord's Statement Tenant shall notify Landlord that it disputes the correctness of Landlord's Statement, specifying the particular respects in which Landlord's Statement is claimed to be incorrect. Landlord agrees to grant Tenant reasonable access to Landlord's books and records for the purpose of verifying Operating Expenses incurred by Landlord. Tenant agrees that such information from Landlord's books and records will be kept confidential. Pending resolution of such dispute, Tenant shall pay Operating Expenses in accordance with the Landlord's Statement.

ARTICLE 6
Construction

Section 1. Building Construction

On or before May 31, 1997, Landlord shall deliver to Tenant a copy of the plans and specifications for the Office Facility (the "Plans and Specifications"), including footprint and floor plans for the Building, that Landlord intends to submit to the governmental authorities with its request for the Building Permit. The Plans and Specifications shall not vary from the Specification Outline annexed hereto as Exhibit "D" or the site plan annexed hereto as Exhibit "C," without Tenant's prior consent. Landlord, at Landlord's sole cost and expense, shall construct the Building in all material respects in accordance with the Plans and Specifications. After completion, Landlord shall deliver to Tenant one sepia and one complete set of "as built" final Plans and Specifications.

Section 2. Interior Build Out

(a) Landlord shall construct and provide, at its expense (which expense shall not be passed through to Tenant or deducted from Tenant's build out allowance), all improvements at or above the ceiling of the Demised Premises including, without limitation, the ceiling tiles, fire sprinkler system, overhead lighting and HVAC duct work and vents. Landlord shall also construct and provide, at its expense (which expense shall not be passed through to Tenant or deducted from Tenant's build out allowance), one elevator and one men's and one women's restroom centrally located on the second floor of the Building and containing an adequate number of stalls and sinks for the maximum number of employees that Tenant anticipates will work in the Demised Premises.

(b) Landlord shall give Tenant a build out allowance (the "Allowance") in the amount of $20.00 per rentable square foot toward Tenant's interior build out (the "Build Out") and shall construct the Build Out and deliver the Demised Premises to Tenant with the Build Out completed, on a "turn key" basis. On or before September 30, 1997, Tenant shall deliver to Landlord a copy of the plans and specifications for the Build Out (the "Build Out Plans"), together with a copy of a budget (the "Build Out Budget") and construction schedule (the "Build Out Schedule"). The Build Out Budget and the Build Out Schedule shall be prepared jointly by Tenant and Landlord's general contractor, Butters Construction and Development. The Build Out Budget shall include a contingency category equal to 10% of the total budget. Landlord shall construct the Build Out in accordance with the Build Out Plans, and shall use diligent efforts to keep the costs within the Build Out Budget and comply with the time frames set forth in the Build Out Schedule.

If Landlord is able to complete the Build Out in accordance with the Build Out Plans for less than the total budgeted amount set forth in the Build Out Budget, then Landlord shall be entitled to the savings (which shall be paid to Landlord by reducing the remaining Allowance or, if there is no Allowance remaining, by cash from Tenant). If Landlord is not able to complete the Build Out in accordance with the Build Out Plans without expending more than the total budgeted amount set forth in the Build Out Budget, then Landlord shall be responsible for the cost overruns and shall promptly pay the excess sums owed without right to seek reimbursement from Tenant, except to the extent that such cost overruns were directly caused by Tenant. Neither Landlord nor its contractor shall make any changes to the Build Out Plans without Tenant's prior approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall have the right to make changes to the Build Out Plans, provided that such changes do not alter the general scope of the Build Out Plans and Tenant furnishes to Landlord a certification by Tenant's architect that no such change will impair in any manner the structural soundness of the Building or delay for more than five (5) working days the Commencement Date. In the event that Tenant changes delay for more than five (5) working days the Commencement Date, and such Tenant changes are the sole reason for the delay, the Free Rent Period shall be decreased by one day for each day of such Tenant-caused delay, excluding the initial five working day period. Tenant shall be responsible for any increased costs of the Build Out that result from such changes in the Build Out Plans, to the extent the changes cause the total Build Out costs to exceed the Allowance. Landlord shall deliver to Tenant one sepia and one complete set of "as built" final Build Out Plans as soon as the they are available following the completion of the Build Out.

Landlord shall pay the first $20,000 of Tenant's architect fees for preparation of the Build Out Plans, which shall not be credited against the Allowance or appear in the Build Out Budget. Tenant shall pay the balance of the architect's fees for preparation

of the Build Out Plans directly to the architect and these fees shall not be included in the Build Out Budget.

Section 3. Time Requirements

Subject to delays caused by scarcity of materials, strikes, fires or other casualty, government restrictions and regulations, delays caused by weather conditions or any other cause beyond the reasonable control of Landlord ("Delays") and subject to delays occasioned by Tenant or by changes required by Tenant, Landlord shall commence construction as soon as reasonably possible after the execution of this Lease and thereafter shall diligently prosecute to completion such construction, without interruption or delay, in a good and workmanlike manner, and in accordance with the Plans and Specifications and Build Out Plans (subject to permitted changes required by Tenant or by law), and in compliance with all valid applicable laws and regulations of the Federal, State and Municipal governments, or any department or division thereof including, without limitation, the Americans With Disabilities Act and applicable fire codes.

Section 4. Entry Prior to Term

Tenant shall have the right, prior to the date of delivery of possession and during the progress of construction, to enter the Demised Premises in order to inspect, install its furniture, fixtures, appliances and equipment and for purposes incidental thereto, without obligation to pay any sum of money as rent or for use and occupation prior to the Rent Commencement Date, but upon all other terms and conditions contained in this Lease, provided (i) that such entry shall not unreasonably interfere with the construction of the Building or the surfacing of the parking areas, (ii) Tenant contacts Landlord's general contractor (the "Contractor") to schedule access to the Demised Premises and complies with any reasonable conditions the Contractor imposes, including without limitation, requiring Tenant to be accompanied by an employee of the Contractor or Landlord, hard hats, etc. and (iii) if construction of the Build Out has not yet commenced, Tenant first obtains Landlord's consent, which consent shall not be unreasonably withheld. Such entry or use by Tenant shall be at Tenant's sole risk. It is agreed that if, in Tenant's sole judgment, Tenant elects to start conducting business in the Demised Premises even though some work remains to be completed by Landlord, or is not yet accepted by Tenant as complete, such commencement of business shall not be deemed a waiver of Landlord's obligation to substantially complete the work, and Landlord agrees to substantially complete the work promptly thereafter in accordance with this Lease.

Section 5. Separate Electric Meter and HVAC

The Demised Premises shall be directly metered or submetered at Landlord's expense and Tenant shall pay the electric company directly for electricity furnished to the Demised Premises. The Demised Premises shall have its own separate, multi-zoned HVAC system, which Tenant shall be able to control from within the Demised Premises.

ARTICLE 7
Repairs and Alterations

Section 1. Repair of Defects

The taking of possession of the Demised Premises shall not constitute a waiver by Tenant of any defects in the Demised Premises or any failure by Landlord to perform its agreements, and Tenant, by notification to Landlord within the first twelve (12) months after delivery of possession, may require Landlord to perform all of its agreements and repair any defects, including any loss or damage to Tenant's fixtures and personal property caused thereby. Landlord shall promptly remedy all defects, latent or patent, in design, workmanship or materials with respect to the Demised Premises and Common Areas identified by Tenant during the first twelve (12) months after delivery of possession of the Demised Premises to Tenant, at Landlord's expense (which expense shall not be included in any operating expenses passed through to Tenant).

Section 2. Tenant Repairs

Subject to the provisions of Articles 16 and 17, and except for (i) reasonable wear and tear, (ii) repairs that Landlord is required to perform pursuant to this Lease, and (iii) maintenance or replacement necessitated as a result of the act or neglect of Landlord, its employees, agents, contractors, licensees or invitees, Tenant shall repair and maintain the interior of the Demised Premises in good order and condition, including maintenance, repair and replacement of all damaged or broken doors or glass, wall coverings, floor coverings and sanitary and electrical fixtures. Tenant shall also be responsible for all repairs to the Building and the facilities and systems thereof, the need for which arises out of (i) Tenant Alterations, or (ii) misuse or neglect by Tenant or any of its subtenants or its or their employees, agents, contractors or invitees. In the event insurance coverage maintained by Landlord or Tenant or a manufacturer's warranty would pay for such repairs, replacements or expenses, then Tenant shall be liable only for the portion of the costs that, by reason of the insufficiency of insurance proceeds and/or applicability of a deductible, exceed the amount of the insurance proceeds applicable to such repairs, replacements and expenses.

Section 3. Landlord Repairs

Subject to the provisions of Articles 16 and 17, and except for (i) reasonable wear and tear, (ii) repairs that Tenant is required to perform pursuant to this Lease, and (iii) maintenance or replacement necessitated as a result of the act or neglect of Tenant, its employees, agents, contractors, licensees or invitees, Landlord shall (i) make all structural repairs to the Demised Premises and other portions of the Office Facility, including without limitation, repairs to the concrete floors, bearing walls, foundations and columns (which expenses shall not be included in any operating expenses passed through to Tenant), (ii) maintain, repair and replace as necessary the roof and roof membrane of the Building (which expenses shall not be included in any operating expenses passed through to Tenant), (iii) maintain, repair and replace, as necessary, all systems and other items serving more than one tenant's premises, including without limitation, exhaust fans, electrical systems, plumbing, sewer and water systems, fire sprinklers and fire protection systems, elevators, HVAC systems, emergency systems, telephone, television and data transmission lines, Building security systems (if any), parking lot lighting and other lighting systems and signage, (iv) maintain, repair and replace as necessary the HVAC system servicing the Demised Premises (notwithstanding the fact that it services only the Demised Premises), and (v) maintain, repair and replace all Common Areas as provided in Article 8. The amounts reasonably expended by Landlord in complying with subsections (iii), (iv) and (v) above shall constitute Operating Expenses under Article 5, Section 2(a)(ii). In the event the Demised Premises shall be without air conditioning, elevators or other services resulting in a substantial interruption of Tenant's business for forty-eight (48) hours or more, then the Base Rent and all additional rent shall be abated, to the extent covered by Landlord's rental value insurance, for that period of time after the services have been substantially disrupted to and through the date that the services to the Demised Premises are substantially restored.

Section 4. Tenant Alterations

(a) Tenant shall have the right to make changes and alterations to the Demised Premises ("Tenant Alterations") in accordance with the following provisions. Tenant may, at its sole expense, from time to time, redecorate the interior of the Demised Premises and make such nonstructural interior Tenant Alterations as Tenant deems expedient or necessary for its purposes, provided that (i) Tenant obtains Landlord's prior written consent if the Tenant Alterations are reasonably expected to exceed $10,000.00 in the aggregate, which consent Landlord shall not unreasonably withhold, condition or delay, (ii) such Tenant Alterations neither impair the structural soundness nor diminish the value of the Building, and (iii) such Tenant Alterations do not unreasonably interfere with other tenants' operation of their businesses in the Building. Tenant may, at its sole expense, from time to time, make exterior or structural Tenant Alterations provided that (i) Tenant obtains Landlord's prior written consent,

which consent Landlord may withhold in its sole discretion, and (ii) the Tenant Alterations neither impair the structural soundness nor diminish the value of the Building, and (iii) the Tenant Alterations do not unreasonably interfere with other tenants' operation of their businesses in the Building. Landlord shall execute and deliver upon request of Tenant such instrument or instruments embodying the approval of Landlord which may be required by any public or quasi-public authority for the purpose of obtaining any licenses or permits for the making of such Tenant Alterations to the Demised Premises and Tenant agrees to pay for such licenses or permits.

(b) Tenant's contractors shall maintain worker's compensation insurance and comprehensive general liability insurance in amounts and with companies reasonably satisfactory to Landlord and shall provide Landlord with certificates of insurance and copies of all necessary government permits.

(c) All Tenant Alterations (not including fixtures readily removable without injury to the Demised Premises) shall be and remain a part of the Demised Premises at the expiration of this Lease, unless Landlord specifies at the time it grants consent to the Tenant Alterations that they must be removed by Tenant at Tenant's expense prior to Tenant's surrender of the Demised Premises.

Section 5. Landlord Alterations

Landlord shall have the right to make alterations and changes to the Building required to cause the Building to comply with applicable building or fire codes or to diffuse an emergency. Landlord shall also have the right to paint the Building, affix its or any other name to it and reconfigure the parking and traffic flows provided Landlord does not reduce the total number of useable parking spots at the Office Facility.

Section 6. Permits and Expenses

(a) Each party agrees that it will procure all necessary permits before making any repairs, alterations other improvements or installations, including, without limitation, any Tenant Alterations. Each party shall give written notice to the other of any repairs required of the other pursuant to the provisions of this Article and the party responsible for the repairs agrees promptly to commence the repairs and to prosecute the same to completion diligently, subject, however, to delays occasioned by events beyond the control of such party. Each party agrees for itself to pay promptly when due the entire cost of any work done by it upon the Demised Premises so that the Demised Premises at all times shall be free of liens for labor and materials. Each party further agrees to save harmless and indemnify the other from and against any and all injury, loss, claims or damage to any person or property occasioned by or arising out of the doing of any such work by such party or its employees, agents or contractors. Each party further agrees that in doing such work it shall employ materials of first quality and

comply with all governmental requirements, and perform such work in a good and workmanlike manner.

(b) The interest of Landlord in the Demised Premises shall not be subject to any construction or other liens for improvements to or other work performed on the Demised Premises by or on behalf of Tenant. All contractors, materialmen and other parties contracting with Tenant or its representatives with respect to the Demised Premises are hereby charged with notice that they must look to Tenant to secure payment of any bill for work done or material furnished or for any other purpose during the term of this Lease. Tenant shall notify any contractor making improvements to the Demised Premises of the provisions of this paragraph. Should any construction lien or other lien nevertheless be filed against the Demised Premises by reason of Tenant's acts or omissions or because of a claim against Tenant or work done on behalf of Tenant, Tenant shall cause the lien to be canceled and discharged of record by bond or otherwise within thirty (30) days after notice by Landlord.

ARTICLE 8
Common Areas

Section 1. Definition

Landlord shall be responsible for the completion of the Common Areas (hereinafter defined). The term "Common Areas" shall mean the following areas (as initially constructed or as modified at any time thereafter): (a) areas located in the Building devoted to lobbies, hallways, elevators, restrooms, janitorial closets, vending areas and other similar facilities provided for the common use or benefit of the tenants of the Building generally and/or for the public (not including any such areas designated for the exclusive use of Tenant) or another tenant of the Building, (b) mechanical rooms, electrical facilities, telephone closets, building stairs, fire towers, elevator shafts, vents, stacks, pipe shafts, vertical ducts and other such facilities within the Building, and (c) those portions of the Land which are provided and maintained for the common use and benefit of Landlord and tenants of the Building generally, including without limitation, all parking areas and all streets, sidewalks and landscaped areas.

Section 2. Right to Use

At all times during the term of this Lease, Landlord shall continuously and without interruption, except for temporary interruptions or repairs, reconstruction and repaying, make available, and Landlord hereby grants and demises to Tenant and Tenant's successors and assigns, a non-exclusive license and the right for Tenant, its customers, guests, licensees, invitees, subtenants, employees and agents, in common with Landlord and all persons, firms and corporations conducting business within the

Office Facility and their respective customers, guests, licensees, invitees, subtenants, employees and agents, to use the Common Areas.

Section 3. Maintenance

During the term of this Lease, Landlord shall manage, maintain and operate the Common Areas so that they are clean, attractive and safe and in good working order, including without limitation, any Office Facility sign, parking area surface (including stripe painting and the removal of standing water therefrom), landscaped areas and the removal of rubbish and other refuse and debris and shall keep the Common Areas well illuminated.

Section 4. Parking

Landlord shall provide to Tenant, free of charge, seven (7) parking spaces per 1,000 rentable square feet of Demised Premises, fifteen (15) of which shall be covered parking spaces. Tenant shall have the right to lease up to (15) additional covered parking spaces at a rate of $20.00 per month per space to take the place of up to fifteen of its free uncovered parking spaces. Landlord agrees that there shall be a minimum of 367 parking spaces (including covered parking spaces) within the Office Facility at all times during the term hereof. The more desirable covered parking spaces shall be fairly allocated among the tenants. Landlord shall not designate or reserve parking spaces for the exclusive use of any tenant without also designating and reserving parking spaces for the exclusive use of Tenant. Tenant shall have the right to choose the location of its designated or reserved parking spaces before any of the spaces are designated or reserved to other tenants.

ARTICLE 9
Tenant's Covenants

Tenant covenants and agrees: (a) to procure any licenses and permits required for Tenant's use of the Demised Premises; (b) upon the expiration or termination of this Lease, to remove its goods and effects and those of all persons claiming under it and to yield up peaceably to Landlord the Demised Premises in broom clean condition, insured damage by fire and casualty, repairs for which Landlord is responsible hereunder and reasonable wear and tear excepted, and to repair any damage caused by such removal of goods and effects; and (c) and to permit Landlord to enter the Demised Premises to make such repairs, improvements, alterations or additions thereto as may be required by Landlord under the provisions of this Lease, provided Landlord notifies Tenant at least 24 hours in advance (except that no prior notice is required in the event of an emergency) and does not unreasonably interfere with the conduct of Tenant's business.

ARTICLE 10
Indemnification and Liability Insurance

Section 1. Indemnification

(a) Tenant shall save and hold Landlord, its partners and employees, harmless from and hereby indemnifies same against, injury, loss, claim, damage or liability to Tenant, its partners, employees, agents, licensees or contractors, or to any other person or persons, for or on account of any death and/or injury or any damage to property within the Demised Premises occurring during the term by reason of or from the use or misuse of the Demised Premises, or any equipment, furnishings or fixtures therein, or by or from any person or persons lawfully or unlawfully upon the Demised Premises or by or from any act, omission or neglect of any such person, or in any manner whatsoever growing out of the use of the Demised Premises or caused by the acts, negligence or default of Tenant, its employees, agents, licensees or contractors, unless caused by the acts, negligence or default of Landlord, its employees, agents, licensees or contractors.

(b) Landlord shall save and hold Tenant, its partners and employees, harmless from and hereby indemnifies same against, injury, loss, claim, damage or liability to Landlord, its partners, employees, agents, licensees or contractors, or to any other person or persons, for or on account of any death and/or injury or any damage to property occurring during the term by reason of or from the use or misuse of the Common Areas, or any equipment, furnishings or fixtures therein, or by or from any person or persons lawfully or unlawfully upon the Common Areas or by or from any act, omission or neglect of any such person, or in any manner whatsoever growing out of the use of the Common Areas or caused by the acts, negligence or default of Landlord, its employees, agents, licensees or contractors, unless caused by the acts, negligence or default of Tenant, its employees, agents, licensees or contractors.

Section 2. Liability Insurance

(a) Tenant shall maintain with respect to the Demised Premises, with insurance companies reasonably acceptable to Landlord, comprehensive general liability insurance in an amount not less than $1,000,000.00 combined single limit each occurrence for bodily injury and property damage and umbrella and excess liability insurance with a limit of not less than $4,000,000, insuring Landlord and Landlord's partners (except as to Landlord's or its partner(s) negligent acts or omissions) and Tenant against injury to persons or damage to property as herein provided. Tenant shall also maintain workers' compensation coverage in compliance with the Workers' Compensation Act of the State of Florida and employer's liability insurance with a limit of not less than $1,000,000 per occurrence for any accident/disease. All such

insurance may be carried under a blanket policy covering the Demised Premises and any other facilities of Tenant. A copy of each policy or a certificate of insurance and evidence of payment thereof shall be delivered to Landlord on or before the Commencement Date and evidence of renewals thereof shall be delivered at least ten (10) days prior to expiration, and no such policy shall be cancelable without ten (10) days prior notice to Landlord.

(b) Landlord shall maintain with respect to the Common Areas, with insurance companies reasonably acceptable to Tenant, comprehensive general liability insurance in an amount not less than $1,000,000.00 combined single limit each occurrence for bodily injury and property damage and umbrella and excess liability insurance with a limit of not less than $4,000,000, insuring Tenant and Tenant's partners (except as to Tenant's or its partner(s) negligent acts or omissions) and Landlord against injury to persons or damage to property as herein provided. Such insurance may be carried under a blanket policy covering the Office Facility and any other facilities of Landlord. A copy of the policy or a certificate of insurance and evidence of payment thereof shall be delivered to Tenant on or before the Commencement Date and evidence of renewals thereof shall be delivered at least ten (10) days prior to expiration, and no such policy shall be cancelable without ten (10) days prior notice to Tenant.

ARTICLE 11
Use

Tenant shall use and occupy the Demised Premises for general office purposes in substantial compliance with all applicable laws, ordinances, regulations and requirements of governmental authorities having jurisdiction and the Arvida Park and Commerce East Association. Tenant will not use the Demised Premises in a manner that causes excessive noise, noxious odors, accumulation of garbage, vibrations from machinery or any other nuisance which may create undue annoyance or hardship to another tenant of the Building.

ARTICLE 12
Assignment and Subletting

Tenant shall not assign, sell, mortgage, pledge or in any manner transfer or encumber this Lease, or any interest therein, or sublet the Demised Premises, or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Any attempted transfer without Landlord's consent shall be deemed null and void. For purposes of this paragraph, a transfer of the controlling ownership interests of Tenant shall be deemed an assignment of this Lease unless such ownership interests are publicly traded. Notwithstanding the foregoing, Tenant may, without the prior written consent of

Landlord, (i) assign or sublet the Demised Premises, or any part thereof, to any entity controlling Tenant, controlled by Tenant or under common control with Tenant (a "Tenant Affiliate") or (ii) assign this Lease to an entity into which Tenant is merged, consolidated or converted or to an entity to which substantially all of Tenant's assets are transferred, provided such merger, consolidation or transfer of assets is for a good business purpose and not principally for the purpose of transferring Tenant's leasehold estate.

ARTICLE 13
Fixtures

All cubicles, shelving and other office fixtures installed by or at the expense of Tenant and all erections, additions and/or improvements not affixed to the Building and not used in the operation of the Building, made to, in or on the Demised Premises by and at the expense of Tenant and susceptible of being removed from the Demised Premises without damaging in any manner the structure of such Building, shall remain the property of Tenant and Tenant may, but shall not be obligated to, remove the same or any part thereof at any time or times during the term hereof, except that Tenant shall be obligated to remove same upon expiration of this Lease if Landlord has delivered notice to Tenant prior to expiration requesting such removal. Tenant, at its sole cost and expense, shall make any repairs occasioned by such removal.

ARTICLE 14
Signs

Landlord shall maintain a monument sign at the main entrance to the Office Facility and at least one directory in the lobby or entranceway of the Building. Landlord shall include Tenant's name on the monument sign and each Building directory at no cost to Tenant. Tenant shall not have a right to erect signs on the exterior of the Demised Premises or Building. Tenant shall have the right, without Landlord's prior written consent, to erect signs in the interior of the Demised Premises.

ARTICLE 15
All Risk Insurance

Section 1. All Risk Insurance

Landlord shall maintain all risk insurance on the Building in an amount not less than the replacement cost of the Building, minus the cost of excavations, footings and foundation, which policy shall include rental value insurance.

Section 2. Insurance Proceeds

Except as specifically provided in Article 16, in the event of any damage to or destruction of the Demised Premises, Landlord shall promptly adjust the loss and settle all claims with the insurance companies issuing such policies. Any proceeds in excess of such proceeds as shall be necessary for such repair, restoration, rebuilding, replacement or any combination thereof shall be the sole property of Landlord subject to any rights therein of Landlord's mortgagee, and if the proceeds necessary for such repair, restoration, rebuilding or replacement, or any combination thereof shall be inadequate to pay the cost thereof, Landlord shall suffer the deficiency.

Section 3. Waiver of Subrogation

Landlord and Tenant hereby release each other, to the extent of the insurance coverage or self-insurance privilege provided hereunder, from any and all liability or responsibility (to the other or anyone claiming through or under the other by way of subrogation or otherwise) for any loss to or damage of property insurable under standard commercial all risk insurance policies covering the Demised Premises and any of Tenant's property, even if such loss or damage shall have been caused by the fault or negligence of the other party. Each party agrees to immediately notify the other party in writing if its insurance company refuses to include a waiver of subrogation provision in its all risk policy, in which event the notified party shall instruct its insurance company not to include a waiver of subrogation provision in the notified party's all risk policy either and neither party shall be obligated to waive subrogation as provided in this Section. Both parties shall be obligated to use diligent efforts to obtain a waiver of subrogation provision in its all risk policy and the insured shall be obligated to pay any additional charges imposed by its insurance company for such coverage. An insurance company shall not be deemed to have refused to include a waiver of subrogation provision if it required an additional fee for such coverage and the insured refused to pay it.

ARTICLE 16
Casualty

Section 1. Rent Abatement

If the whole or any part of the Demised Premises shall be damaged or destroyed by fire, windstorm or other casualty, then the Base Rent, Operating Expenses and all other charges hereunder shall be abated or adjusted in proportion to that portion of the Demised Premises of which Tenant shall be deprived on account of such damage or destruction until the repair, restoration, rebuilding or replacement of the damaged improvements has been substantially completed.

Section 2. Repairs and Restoration

(a) Landlord agrees that in the event of the damage or destruction of the Demised Premises, Landlord forthwith shall proceed to repair, restore, replace or rebuild the Demised Premises, including any improvements made thereto by or on behalf of Tenant and insured under Landlord's policy of insurance, to substantially the same condition as the Demised Premises were in immediately prior to such damage or destruction, without delay or interruption except for events beyond the reasonable control of Landlord. Notwithstanding the foregoing, if Landlord does not either (i) obtain a Building permit for the repairs, rebuilding or restoration required hereunder within sixty (60) days of the date of such damage or destruction; or (ii) substantially complete such repairs, rebuilding or restoration and comply with conditions (a), (b) and (c) in Section 3 of this Article within one hundred twenty (120) days of such damage or destruction, then in either event Tenant may at any time thereafter cancel and terminate this Lease by sending thirty (30) days written notice thereof to Landlord, except, however, said notice of cancellation shall not be effective if Landlord within said thirty (30) day period shall obtain such permit or complete and comply as aforesaid, as the case may be.

(b) Notwithstanding the foregoing, if such damage or destruction shall occur during the last five (5) years of the term of this Lease, or during any renewal term, and shall amount to one-third (1/3) or more of the replacement cost of the Building (exclusive of the land and foundation), this Lease may be terminated at the election of either Landlord or Tenant, provided that notice of such election shall be sent by the party so electing to the other within thirty (30) days after the occurrence of such damage or destruction. Upon termination as aforesaid by either party hereto, this Lease and the term hereof shall cease and come to an end and any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant and the parties shall be released hereunder, each to the other, from all liability and obligations thereafter arising under this Lease.

Section 3. Tenant's Fixtures

In the event the Demised Premises are destroyed or damaged and this Lease is not canceled, then after Landlord has repaired, restored and/or rebuilt the Demised Premises as above provided, Tenant shall not be required to accept delivery of possession of the Demised Premises and commence paying rent until all of the following shall have occurred:

(a) Tenant shall have received written notice from Landlord advising Tenant of the contemplated date of completion of the Demised Premises and authorizing Tenant to enter the Demised Premises for the purpose of installing its fixtures and

performing other work and Tenant shall have thirty (30) days after receipt of said notice to do such work (rent free);

(b) The Demised Premises shall have been restored as nearly as practicable to the condition existing immediately prior to such destruction or damage and in compliance with all laws, ordinances, regulations and requirements of governmental authorities having jurisdiction thereof and the National Board of Fire Underwriters; and

(c) a certificate of occupancy or an equivalent use permit, and all other requisite permits, if any, including an inspection certificate of approval by the National Board of Fire Underwriters, shall have been issued by the appropriate legal authorities and Landlord shall have delivered copies to Tenant.

ARTICLE 17
Eminent Domain

Section 1. Total Taking

If the whole of the Demised Premises shall be taken under power of eminent domain by any public or private authority, or conveyed by Landlord to said authority in lieu of such taking, then this Lease and the term hereof shall cease and terminate as of the date of such taking, subject, however, to the right of Tenant, at its election, to continue to occupy the Demised Premises, subject to the terms and provisions of this Lease, for all or such part, as Tenant may determine, of the period between the date that notice of such taking is received and the date when possession of the Demised Premises shall be taken by the taking authority and any unearned rent or other charges, if any, paid in advance shall be refunded to Tenant.

Section 2. Partial Taking

If any public or private authority shall, under the power of eminent domain, make a taking, or Landlord shall convey to said authority in lieu of such taking:

(a) resulting in a reduction by 15% or more of the ground floor area of the Building or the Demised Premises;

(b) resulting in the reduction of 15% or more of the parking spaces in the Office Facility; or

(c) resulting in a taking of either a portion of the Common Area or of the access road serving the Building that substantially impedes or substantially interferes with access to the Demised Premises,

then Tenant may, at its election, terminate this Lease by giving Landlord notice of the exercise of Tenant's election within thirty (30) days after Tenant shall receive notice of such taking, except that, in the case of (b) only, if Landlord provides reasonably satisfactory alternative parking within thirty (30) days which results in the Office Facility having ninety-five (95%) of the parking spaces that it had prior to the taking, then Tenant shall not have the right to terminate this Lease. In the event of termination pursuant to this Section, this Lease and the term hereof shall cease and terminate as of the date of such taking, subject to the right of Tenant, at its election, to continue to occupy the Demised Premises, subject to the terms and provisions of this Lease, for all or such part, as Tenant may determine, of the period between the date that notice of such taking is received and the date when possession of the Demised Premises shall be taken by the appropriate authority, and any unearned rent or other charges, if any, paid in advance by Tenant shall be refunded to Tenant.

Section 3. Repairs and Restoration

(a) In the event of a taking in respect of which Tenant shall not have the right to elect to terminate this Lease or, having such right, shall not elect to terminate this Lease, this Lease and the term hereof shall continue in full force and effect and Landlord, at Landlord's sole cost and expense, forthwith shall restore the Demised Premises, including any and all improvements made thereto, together with the remaining portions of the parking areas, to an architectural whole in substantially the same condition that the same were in prior to such taking. A just proportion of the Base Rent, Tenant's Proportionate Share of the Operating Expenses and all other charges payable by Tenant hereunder, according to the amount of floor area taken, shall be suspended or abated until the completion of such restoration and thereafter the such charges hereunder shall be reduced in proportion to the rentable square footage of the Demised Premises remaining after said taking.

(b) Notwithstanding the foregoing, if such taking shall occur during the last five (5) years of the term of this Lease, or during any renewal term, and restoration would amount to one-third (1/3) or more of the replacement cost of the Building (exclusive of the land and foundation), this Lease may be terminated at the election of either Landlord or Tenant, provided that notice of such election shall be sent by the party so electing to the other by no later than thirty (30) days after possession shall have been taken by the taking authority. Upon termination as aforesaid by either party hereto, this Lease and the term hereof shall cease and come to an end and any unearned rent or other charges paid in advance by Tenant shall be refunded to Tenant and the parties shall be released hereunder, each to the other, from all liability and obligations thereafter arising under this Lease.

Section 4. The Award

All compensation awarded for any taking, whether for the whole or a portion of the Demised Premises, shall be the sole property of Landlord whether such compensation shall be awarded for diminution in the value of, or loss of, the fee in the Demised Premises, or otherwise, and Tenant hereby assigns to Landlord all of Tenant's rights and title to and interest in any and all such compensation; provided, however, that Landlord shall not be entitled to and Tenant shall have the sole right to make its independent claim for and retain any portion of any separate award made by the appropriating authority directly to Tenant for damage to or depreciation of, and cost of removal of fixtures, personalty and improvements installed in, the Demised Premises by, or at the expense of Tenant, or for moving expenses, and to any other award made by the appropriating authority directly to Tenant, provided any such separate award does not affect or reduce the award payable to Landlord.

Section 5. Release

In the event of any termination of this Lease as the result of the provisions of this Article, the parties, effective as of such termination or vacating, whichever is later, shall be released, each to the other, from all liability and obligations thereafter arising under this Lease.

ARTICLE 18
Default

Section 1. Landlord Remedies

(a) The following shall constitute events of default hereunder: (i) any installment of Base Rent or additional rent or any other sums required to be paid by Tenant hereunder, or any part thereof shall be in arrears and unpaid for five (5) days after the date it is due (subject to the notice requirement described in Section (b) of this Article) or (ii) Tenant's failure to observe or perform any of the other covenants, agreements or conditions of this Lease on the part of Tenant to be kept and performed, which failure shall continue for a period of thirty (30) days after written notice thereof is delivered by Landlord to Tenant (unless such failure cannot reasonably be cured within thirty (30) days and Tenant shall have commenced to cure said failure within said thirty (30) days and continues diligently to pursue the curing of the same), or (iii) Tenant shall file a petition in bankruptcy or be adjudicated a bankrupt, or file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future Federal, State or other statute, law or regulation, or make an assignment for the benefit of creditors (except that this subsection (iii) shall not be applicable unless Tenant is then also in default of any monetary obligations under this Lease), or (iv) any trustee, receiver or liquidator of

Tenant or of all or any substantial part of its properties or of the Demised Premises shall be appointed in any action, suit or proceeding by or against Tenant and such proceeding or action shall not have been dismissed within forty-five (45) days after such appointment, or (v) the leasehold estate hereby created shall be taken on execution or by other process of law. If any such event of default shall occur and remain uncured, then Landlord shall have the following remedies:

(1) to bring suit for the collection of the rent or other amounts for which Tenant may be in default, or for the performance of any other covenant or agreement devolving upon Tenant, all without entering into possession or terminating this Lease;

(2) to re-enter the Demised Premises by legal proceedings and take possession thereof, without thereby terminating this Lease, whereupon Landlord may expel all persons and remove all property without liability and relet the Demised Premises and receive the rent, applying the same first to the payment of the reasonable expenses of such re-entry and the reasonable costs of such reletting (including without limitation, brokerage fees and reasonable retrofitting expenses which Landlord determines in good faith are necessary to secure the replacement tenant), and then to the payment of the monthly rental and other charges accruing hereunder, the balance, if any, to be retained by Landlord. Landlord shall use Landlord's best efforts to relet the Demised Premises but shall not be obligated to enter into a lease with any proposed substitute tenant (i) whose use of the Demised Premises would violate any restriction, covenant, or requirement contained in the lease of another tenant of the Building or imposed by Arvida Park of Commerce East (or its successor), or (ii) whose use of the Demised Premises would adversely affect the reputation of the Building, or (iii) for a rental less than the current fair market rental then prevailing for similar office uses in comparable buildings in the same market area as the Building. Whether or not the Demised Premises are relet, Tenant shall remain liable for any deficiency. The commencement and prosecution of any action by Landlord in forcible entry and detainer, ejectment or otherwise, or any execution of any judgment or decree obtained in any action to recover possession of the Demised Premises shall not be construed as an election to terminate this Lease unless Landlord shall, in writing, expressly exercise its option hereinbefore provided to declare the term hereof ended, and shall not be deemed to have absolved or discharged Tenant from any of its obligations and liabilities for the remainder of the term of this Lease

(3) to terminate this Lease by a ten (10) day notice, and re-enter the Demised Premises and take possession thereof, whereupon Tenant shall be wholly discharged from this Lease. In the event Landlord shall elect to

terminate this Lease, all rights and obligations of Landlord and Tenant hereunder shall cease, except that Landlord shall retain full right to sue for and collect (i) all rents and other amounts for the payment of which Tenant shall then be in default, (ii) all damages to Landlord by reason of any such breach, and (iii) the excess of the present value of the Base Rent that Tenant would have been required to pay to Landlord during the period from termination of this Lease through the date the lease would otherwise have expired had it not been terminated, over the present value of any net amounts which Tenant establishes Landlord can reasonably expect to recover by reletting the Demised Premises for such period, taking into consideration the availability of acceptable tenants and other market conditions affecting leasing. Such present values shall be calculated at a discount rate equal to the rate at the time the Lease was terminated of U.S. Treasury Securities of comparable maturity to the remaining Lease term at the time the Lease was terminated. Landlord and Tenant shall have the duty and obligation to mitigate said damages, and Tenant shall surrender and deliver up the Demised Premises to Landlord and upon any default by Tenant in so doing, Landlord shall have the right to recover possession by legal proceedings and to apply for the appointment of a receiver and for other ancillary relief in such action, provided that Tenant shall have ten (10) days written notice after such application may have been filed and before any hearing thereon.

(b) Notwithstanding any other provision of this Lease, if Tenant is delinquent in paying any monthly installment of rent for more than five (5) days, then Landlord shall provide Tenant with written notice and demand for such delinquent rent unless Landlord has sent written notice of delinquent rent to Tenant within the preceding twelve months and Tenant shall not be in default of this Lease unless and until the rent remains in arrears and unpaid for five (5) days after Tenant's receipt of such written notice and demand. Landlord shall not be obligated to provide written notice and demand to Tenant for delinquent rent more than once in any twelve month period.

(c) If Tenant is delinquent in paying any monthly installment of rent for more than five (5) days, Landlord may impose a late charge equal to five percent (5%) of such delinquent sum, which shall be paid by Tenant to Landlord upon demand. In addition, all sums payable by Tenant to Landlord under this Lease, if not paid within five (5) days after the due date, shall accrue interest at the rate of twelve percent (12%) from the due date until paid. Said interest shall constitute additional rent under this Lease and shall be paid by Tenant to Landlord upon demand.

(d) All rights and remedies of Landlord herein enumerated shall be cumulative, and none shall exclude any other remedies allowed at law or in equity.

Section 2. Landlord's Self-Help

(a) If Tenant shall default in the performance of any covenant or agreement by it to be performed under this Lease and shall not cure such default within thirty (30) days after notice from Landlord specifying the default, Landlord may, at its option, cure such default for the account of Tenant, and any amount paid or any contractual liability incurred by Landlord in so doing shall be deemed paid or incurred for the account of Tenant and deemed additional rent hereunder. Tenant agrees, within fifteen (15) after demand therefor, to reimburse Landlord for such amounts paid.

Section 3. Tenant's Self-Help

If Landlord shall default in the performance of any covenant or agreement by it to be performed under this Lease and shall not cure such default within thirty (30) days after notice from Tenant specifying the default, Tenant may, at its option, in addition to any other remedy available at law or in equity, cure such default for the account of Landlord and any amount paid or any contractual liability incurred by Tenant in so doing shall be deemed paid or incurred for the account of Landlord. Landlord agrees, within fifteen (15) days after demand therefor, to reimburse Tenant for such amounts paid.

ARTICLE 19
Subordination

This Lease shall be subordinate to any present or future first mortgage upon the Demised Premises or any property of which the Demised Premises are a part irrespective of the time of execution or the time of recording of any such first mortgage, provided that the holder of any such mortgage shall enter into a written agreement with Tenant in form suitable for record to the effect that (a) in the event of foreclosure or other action taken under the mortgage by the holder thereof, this Lease and the rights of Tenant hereunder shall not be disturbed but shall continue in full force and effect so long as Tenant shall not be in default hereunder and (b) such holder shall permit insurance proceeds to be used for any restoration and repair required by the provisions of Article 16 and Article 17, respectively. Landlord agrees to use diligent efforts to cause the holder of the first mortgage to enter into such written non-disturbance agreement with Tenant prior to Landlord's execution of the mortgage or as soon as practicable thereafter. Tenant agrees that if the mortgagee or any person claiming under the mortgagee shall succeed to the interest of Landlord in this Lease, Tenant will recognize said mortgagee or person as its Landlord under the terms of this Lease, provided that said mortgagee or person executes a written instrument in proper form for recording under which said mortgagee or person assumes and agrees to perform all of the terms, covenants and provisions of this Lease on the part of Landlord to be kept and performed for and during the period from and after the date such mortgagee or

person succeeds to the interest of Landlord under this Lease and to comply with and be bound by all the terms, covenants and conditions of this Lease for and during the period from and after the date of such succession. The word "mortgage" as used herein includes mortgages, deeds of trust or other similar instruments, and modifications, renewals, replacements and extensions thereof.

ARTICLE 20
Hazardous Materials

Section 1. Definition

For purposes of this Lease, the term "Hazardous Materials" shall mean any hazardous or toxic substances, materials or waste, including, but not limited to, those substances, materials and waste listed in the U.S. Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials and waste which are or become regulated under any applicable local, state or federal law including, without limitation, any material, waste or substance which is (i) petroleum or a petroleum product, (ii) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act 33 USC ss.1251 et seq. (33 USC ss.1321) or listed pursuant to Section 3.07 of the Clean Water Act (33 USC ss.1317), (iii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 USC ss.6901, et seq. 42 USC ss.6903), or (iv) defined as a "hazardous substance" pursuant to ss.101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC ss.9601, et seq. 42 USC ss.9601).

Section 2. Tenant's Obligations

Tenant shall operate its business in the Demised Premises in substantial compliance with all applicable laws and regulations relating to health, safety or environmental conditions and shall not use or allow the Demised Premises to be used for the generation, use, storage, treatment, release or disposal of any Hazardous Materials except for quantities of such Hazardous Materials necessary to conduct the ordinary course of business in an office environment. Tenant indemnifies and holds Landlord, its partners and employees, harmless from and against all claims, demands, actions, suits, liability, damages (including foreseeable and unforeseeable consequential damages), expenses (including remediation, removal, repair and cleanup expenses) and costs (including reasonable attorneys' fees, consultant fees and expert fees) directly or indirectly arising out of Tenant's use, generation, storage, release, disposal or discharge of Hazardous Materials in, under, about or from the Demised Premises. This indemnification shall survive the termination of this Lease.

Section 3. Landlord's Obligations

Landlord shall provide Tenant with copies of all studies or other documentation in Landlord's possession pertaining to environmental conditions in, on or under the Land or pertaining to past uses of the Land. Landlord agrees to immediately remediate any and all environmental conditions discovered in, on or under the Land. Landlord hereby indemnifies and holds Tenant, its partners and employees, harmless from and against all claims, demands, actions, suits, liability, damages (including foreseeable and unforeseeable consequential damages), expenses (including remediation, removal, repair and cleanup expenses) and costs (including reasonable attorneys' fees, consultant fees and expert fees) directly or indirectly arising out of the presence, use, generation, storage, release, disposal or discharge of Hazardous Materials in, under, about or from the Land or Building by Landlord, its agents, employees, contractors, invitees or predecessors in interest, or other present or former tenants of Landlord (excluding Tenant) or any other person or entity. This indemnification shall survive the termination of this Lease.

ARTICLE 21
Miscellaneous

Section 1. Holding Over

In the event that Tenant or anyone claiming under Tenant shall continue occupancy of the Demised Premises after the expiration of the original term of this Lease or any renewal or extension thereof without any agreement in writing between Landlord and Tenant with respect thereto, such occupancy shall not be deemed to extend or renew the term of this Lease, but such occupancy shall continue as a tenancy at will from month to month upon the covenants, provisions and conditions herein contained except that the Base Rent shall increase to one and one half times the Base Rent in effect during the last Lease Year of the term, as extended or renewed, prorated and payable for the period of such occupancy.

Section 2. Waivers

Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said

action on any subsequent occasion or a consent to or approval of any other action on the same or any subsequent occasion. Any and all rights and remedies which either party may have under this Lease or by operation of Law, either at Law or in equity, upon any breach, shall be distinct, separate and cumulative and shall not be deemed inconsistent with each other; and no one of them, whether exercised by said party or not, shall be deemed to be an exclusion of any other; and any two or more or all of such rights and remedies may be exercised at the same time.

Section 3. Disputes

It is agreed that if at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest." Such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said party to institute suit for the recovery of such sum. If it shall be adjudged that there was not legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease. If at any time a dispute shall arise between the parties hereto as to any work to be performed by either of them under the provisions hereof, the party against whom the obligations to perform the work is asserted may perform such work and pay the costs thereof "under protest" and the performance of such work shall in no event be regarded as a voluntary performance and shall survive the right on the part of said party to institute suit for the recovery of the costs of such work. If it shall be adjudged that there was no legal obligation on the part of said party to perform the same or any part thereof, said party shall be entitled to recover the costs of such work or the cost of so much thereof as said party was not legally required to perform under the provisions of this Lease.

Section 4. Notice

All notices and other communications authorized or required hereunder shall be in writing and shall be (i) delivered personally, (ii) mailed by certified mail, return receipt requested, postage prepaid, or (iii) deposited with a reputable overnight courier. Any such notice or other communication shall be deemed to have been duly given when received by the party to whom such notice or other communication is addressed. If intended for Tenant, the notice shall be delivered to the following address, or such other address as Tenant may hereafter designate by notice to Landlord:

Cross Country Staffing
6601 Park of Commerce Boulevard
Boca Raton, Florida
Attention: Emil Hensel

If intended for Landlord, the notice shall be delivered to the following address, or such other address as Landlord may hereafter designate by notice to Tenant:

Meridian Properties
7777 Glades Road, Suite 201
Boca Raton, Florida 33433
Attention: Jeffrey L. Schmier.

Section 5. Quiet Enjoyment

Landlord covenants and agrees with Tenant that upon Tenant paying the rent and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed hereunder, Tenant shall peaceably and quietly have, hold, occupy and enjoy the Demised Premises without hindrance or molestation from Landlord or any persons lawfully claiming through Landlord, subject to the terms of this Lease. Without limiting the generality of the foregoing, Landlord shall not cause or permit any excessive noise, noxious odors, accumulation of garbage, vibrations, smoke, unhealthy germs ("sick building syndrome") or any other nuisance which may create undue annoyance or hardship to the occupants of the Demised Premises to penetrate or occur in the Demised Premises, and shall remedy any such condition at Landlord's expense within a reasonable period of time after receipt of written notice from Tenant.

Section 6. Zoning and Good Title

Landlord warrants and represents, upon which warranty and representation Tenant has relied in the execution of this Lease, that Landlord will, prior to delivery of possession, be the owner of the Demised Premises in fee simple absolute, free and clear of all liens superior to the Lease; that this Lease is and shall be a first lien on the Demised Premises subject only to any mortgage to which this Lease is subordinate as provided in this Lease; that Landlord has full right and lawful authority to execute this Lease for the term, in the manner, and upon the conditions and provisions herein contained; that there is to the best of Landlord's knowledge no legal impediment to the construction and use of the Demised Premises for general office purposes subject to Landlord's obtaining all environmental, building, transportation and other applicable permits for construction of the Demised Premises; that the Demised Premises are not subject to any easements, restrictions, zoning ordinances or similar governmental regulations which prevent their use for corporate headquarters office purposes; that the Demised Premises are presently zoned L.I.R.P. 2.5 (Light Industrial Research Park); and that the governmental agency having jurisdiction has provided the letter annexed hereto as Exhibit E regarding the zoning.

Section 7. Access

Tenant shall have 24 hour per day access to the Demised Premises every day of the year, including holidays. Landlord, upon 24 hours' notice to Tenant, may show the Demised Premises to prospective purchasers and mortgagees during normal business hours. In addition, during the nine (9) months prior to expiration of the Lease term, Landlord may show the Demised Premises to prospective tenants during normal business hours.

Section 8. Force Majeure

In the event that Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act other than Tenant's obligation to make payments of rent, additional rent, and other charges required hereunder, by reason of strikes, lockouts, unavailability of materials, failure of power, restrictive governmental laws or regulations, riots, insurrections, the act, failure to act, or default of the other party, war or other reason beyond its control, then performance of such act shall be excused for the period of the delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, lack of funds shall not be deemed to be a cause beyond control of either party.

Section 9. Rules and Regulations

Tenant shall observe and comply with the rules and regulations annexed hereto as Exhibit "F" and such other reasonable rules and regulations that Landlord may hereafter prescribe and deliver to Tenant in writing pertaining to the safety, care and cleanliness of the Building and the comfort, quiet and convenience of other tenants of the Building, provided that all such rules and regulations (i) are reasonable, (ii) will not interfere with the operation of Tenant's business at the Demised Premises or with Tenant's quiet enjoyment of the Demised Premises, and (iii) are fairly and consistently applied by Landlord to all tenants and guests in the Building.

Section 10. Waiver of Landlord's Lien

Any lien granted to Landlord, whether statutory or otherwise, in Tenant's personal property, fixtures, inventory or stock-in-trade on the Demised Premises for nonpayment of rent, default by Tenant, or any other reason whatsoever, shall be subordinate to the lien or security interest of any person or entity that lends money, extends credit or sells or leases personal property or fixtures to Tenant.

Section 11. Estoppel Certificates

At any time and from time to time Landlord and Tenant each agree, upon request in writing from the other, to execute, acknowledge and deliver to the other a statement in writing certifying that the Lease is unmodified and is in full force and effect, or if there have been modifications, that the same is in full force and effect as modified (stating the modifications), that the other party is not in default in the performance of its covenants hereunder, or if there have been such defaults, specifying the same, and the dates to which the rent and other charges have been paid.

Section 12. Recordation

Prior to recordation of the Notice of Commencement (required to be recorded prior to commencement of construction of the Building), Landlord and Tenant shall record a memorandum of lease making reference to this Lease, including the Expiration Date, Tenant's options to extend and Tenant's right of first offer to expand. The memorandum of lease shall expressly state that it expires one year from the date of recording.

Section 13. Invalidity of Particular Provisions

If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be extended to the fullest extent permitted by Law.

Section 14. Captions

The captions of the Sections of this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions of this Lease.

Section 15. Landlord's Successors

The word "Landlord" and the pronouns referring thereto, shall mean, where the context so admits or requires, the persons or entity named herein as Landlord or the mortgagee in possession for the time being of the Land and Building comprising the Demised Premises. If there is more than one Landlord, the covenants of Landlord shall be the joint and several obligation of each of them, however, the word "Landlord" insofar as covenants or obligations on the part of Landlord are concerned, shall be

limited to mean only the owner or owners at the time in question of the Demised Premises.

In the event of any transfer or conveyance of title to the Land and/or Building comprising the Demised Premises, the Landlord herein named (and in the case of any subsequent transfer or conveyance, the then grantor) shall from and after the date of such transfer or conveyance be freed and relieved of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed, only after Landlord or the then grantor shall have caused the grantee or transferee to execute, acknowledge and deliver to Tenant a written instrument in proper form for recording under which the grantee or transferee assumes and agrees to perform all of the terms, covenants and provisions of this Lease on the part of Landlord to be kept and performed for and during the period from and after the date of such transfer or conveyance and to comply with and be bound by all the terms, covenants and conditions of this Lease for and during the period from and after the date of such transfer or conveyance. Landlord or the then grantor shall not be relieved of any liability to Tenant which shall have accrued prior to such transfer or conveyance by reason of the failure of Landlord or the then grantor to perform obligations of the Landlord hereunder.

Section 16. Pronouns; Assigns

Any pronoun shall be read in the singular or plural number and in such gender as the context may require. Except as in this Lease otherwise provided, the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 17. No Relationship

Nothing contained herein shall be deemed or construed by the parties hereto nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither any provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant.

Section 18. Brokerage

Landlord and Tenant each represent and warrant to the other that it has not dealt with any real estate agent or broker in connection with this transaction other than Grubb & Ellis. Landlord shall be responsible for paying Grubb & Ellis' fees in connection with this transaction. Landlord and Tenant each indemnify and save the other harmless from and against all loss, cost

and expense incurred by reason of the breach of the indemnifying party's representation and warranty set forth in this Section.

Section 19. Legal Fees

If Landlord or Tenant shall institute an action or proceeding to enforce the provisions of this Lease, the non-prevailing party shall reimburse the reasonable attorneys' fees and disbursements incurred by the prevailing party in such action or proceeding.

Section 20. Financial Statements

Tenant shall provide to Landlord, within thirty (30) days after Landlord requests same in writing, current financial statements of Tenant. Landlord shall not request, and Tenant shall not be obligated to provide, financial statements more than once in any twelve (12) month period.

Section 21. Entire Agreement

This Lease contains the entire and only agreement between the parties, and no oral statement or representations or prior written matter not contained in this Lease shall have any force or effect. This Lease shall not be modified in any way except by a writing executed by both parties.

Section 22. Substantial Completion

It is understood and agreed that the Demised Premises shall be deemed to be "substantially completed" even though there may be minor incomplete items or deficiencies provided that any such incomplete items or deficiencies shall not hinder Tenant's work in and about the Demised Premises or prevent Tenant from opening for business and shall be completed by Landlord as promptly as practicable after delivery of possession of the Demised Premises.

Section 23. Effective

This Lease shall become effective upon execution of this Lease by both parties.

Section 24. Radon Gas

Florida law requires the inclusion of the following notification in this Lease: "RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present

health risks to persons who are exposed to it over time. Levels of radon that exceed Federal and State guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

Section 25. Financing Contingency

This Lease is conditioned upon Landlord obtaining a satisfactory construction mortgage financing commitment (or combined construction/permanent financing commitment) within forty-five (45) days from the date of this Lease for the construction of the Office Facility. Landlord shall deliver a copy of the financing commitment to Tenant as soon as Landlord receives it. If Landlord fails to obtain the financing commitment within the forty-five (45) day period, Landlord or Tenant may terminate this Lease by delivering written notice of termination to the other party within one week after expiration of the forty-five (45) day period, whereupon this Lease shall be null and void and neither party shall have any liability to the other hereunder. Nothing in this paragraph shall be deemed to modify or diminish Landlord's obligation to promptly and diligently apply for the financing necessary to satisfy this financing condition and to prosecute same in good faith.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written by their respective officers thereunto duly authorized.

	LANDLORD:
Attest:	MERIDIAN PROPERTIES
/s/ Arlene R. Belue	By: /s/ Jeffrey L. Schmier
- ----------	----------
Secretary	Name: Jeffrey L. Schmier

	As its: PARTNER

	TENANT:
Attest:	CROSS COUNTRY STAFFING
/s/ Joseph A. Boshart	By: /s/ Emil Hensel
- ----------	----------
Secretary	Name: EMIL HENSEL

	As its: CFO/COO

STATE OF FLORIDA)
) ss
COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this 28 day of April, 1997 by EMIL HENSEL, the CFO of Cross County Staffing, a Delaware partnership, on behalf of the partnership. He/She is personally known to me or has produced DL as identification and did/did not take an oath.

(SEAL) /s/ Darren S. Portner

Notary Public
State of Florida

[STATE OF FLORIDA NOTARY PUBLIC SEAL] DARREN S. PORTNER
COMMISSION # CC 396410
EXPIRES JUL 28,1998
BONDED THRU
ATLANTIC BONDING CO., INC.

STATE OF FLORIDA)
) ss
COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this 28th day of April, 1997 by Jeffrey L. Schmier, the PARTNER of Meridian Properties, a Michigan partnership, on behalf of the partnership. He/She is personally known to me or has produced DL as identification and did/did not take an oath.

(SEAL) /s/ Darren S. Portner

Notary Public
State of Florida

[STATE OF FLORIDA NOTARY PUBLIC SEAL] DARREN S. PORTNER
COMMISSION # CC 396410
EXPIRES JUL 28,1998
BONDED THRU
ATLANTIC BONDING CO., INC.

EXHIBIT "A"

LAND DESCRIPTION:

A portion of Parcel "A", all of Parcel "B" and a portion of Parcel "C", ARVIDA PARK OF COMMERCE PLAT NO. 9, as recorded in plat Book 50, Page 148 of the Public Records of Palm Beach County, Florida and a portion of N.W. 65th Avenue, as abandoned in Official Records Book 4713, Page 463 of the Public Records of Palm Beach County, Florida, being more particularly described as follows:

COMMENCING at the southwest corner of said Parcel "A"; thence N 00(degrees)31'13" W, along the west line of said plat, 367.50 feet to the POINT OF BEGINNING; thence continue N 00(degrees)31'13" W, along said west plat line, 515.08 feet; thence S 89(degrees)33'05" E, 420.10 feet; thence N 00(degrees)26'55" E, 28.61 feet; thence S 89(degrees)33'05" E, 90.01 feet to the west right-of-way line of Park of Commerce Boulevard; thence S 00(degrees)26'55" W, along said right-of-way line, 70.00 feet; thence S 44(degrees)33'05" E, along said right-of-way line, 14.14 feet; thence S 00(degrees)26'55" W, along said right-of-way line, 453.62 feet; thence N 89(degrees)33'05" W, 306.40 feet; thence S 61(degrees)23'38" W, 20.59 feet; thence N 89(degrees)33'05" W, 187.00 feet to the POINT OF BEGINNING.

Said lands lying in the City of Boca Raton, Palm beach County, Florida, containing 264,575 square feet (6.0738 acres), more or less.

EXHIBIT "B"

Plan of Demised Premises

(To Be Attached After Plans and Specifications are Completed)

EXHIBIT "C"

Site Plan of Office Facility

(Attached)

[FLOOR PLAN OMITTED]

[FLOOR PLAN OMITTED]

EXHIBIT "D"

Specification Outline

(See Attached)

[LOGO]

Specification Outline

BUILDING

Scope: Square footage by floor-25,000 to 30,000 sq. ft. (Cross Country Choice)
Breakout of open vs. Office space for CCS- Depends on Cross Country Layout
Amenities:

* Covered parking structure-Landlord Responsibility
* Break Room-Tenant Allowance (T.I.)
* Conference Rooms (#?)-T.I.
* Copier Rooms (#?)-T.I.
* Mail Room-T.I.
* Exercise Room (?)-T.I.

Structure: First Floor (slab)-6" concrete slab
Second Floor (slab, joists, support beams)- 4" concrete slab over steel joist
Roof- Modified Bitumen
Columns- 35' x 40' spacing +/-

Envelope: Exterior wall (type of construction, footings)-concrete tiltwall, glass, architect applique
Windows (% of envelope area, type of glass & frame, shutters)
9/16" laminated tinted hurricane resistant

Stairs: Number, type of construction (masonry vs. metal) Three (3) concrete

Roofing: Roof system, insulation, lighting protection, access- Lightweight concrete with 3" insulation base R Value=19

Doors: Type of doors, frames, hardware, glazing of office doors

- -Entrance- Aluminum frame with glass
- -Exterior service- Aluminum frame with glass
- -Interior- Tenants allowance

Partitions: Height and insulation- Tenant allowance

- -Between standard offices
- -Conference rooms
- -Rest Rooms
- -Break Rooms

Cabinetry: Copy rooms-Tenant allowance
Mail room
Break rooms

Ceilings: Height and type of ceiling tile: 14' clear height between floors; ceiling type- 2' x 2' USG

- -Open office area
- -Enclosed offices

Flooring: Tiles and carpet

- -Entrance lobby-Tile
- -Rest rooms-Tile
- -Break rooms-Tenant allowance
- -General office area-Tenant allowance
- -Computer room-Tenant allowance

[LOGO]

Decorative: Interior Paint- Tenant allowance
Exterior Paint- (landlord Responsibility) Texcoat Textured Coating
Wallpaper- Tenant allowance
Moldings- Tenant allowance

Elevator: Size, speed - Miami Elevator

Other: Restroom accessories- Standard
Signage- Tenant allowance
Projection screens for conference room- Tenant allowance

UTILITIES

Plumbing: Water Service- 2.5" water service
Sanitary Piping- 8" sanitary service
Rainwater System- Internal to catch basins
Condensate Drains- Internal to sanitary
Hot Water Heater- Yes
Fixtures- Moen or equal

Fire Protection:
Type of sprinkler system, piping, heads- N.F.P.A. Requirement
Fire Alarm System- Yes
No. of fire extinguishers and fire ext. cabinets- 1/2000 square feet

Mechanical: No. of AC units, including size and type- 1 Ton per 300 square feet
Ductwork and shafts- Fiberglass duct
Supply and return air devices- Yes
Toilet exhaust- Yes
Building Management System- No, individual control, several zones

Electrical: Service (amps/volts)- Adequate 3000 amps 480/277 volt
Number of meters- Individual Meter
Stand-by generator- Tenant allowance
Power and communication feeds to cubicles- Junction box in ceiling
General Lighting
-open areas- 2 x 4 parabolic fluorescent
-offices- 2 x 4 parabolic fluorescent
Decorative Lighting
-lobby- To be
-conference rooms- 2 x 4 parabolic fluorescent
Exterior site lights- Pole & building "shoe box" (Arvida Park Standard)
Wiring and conduits

Communications:
No. of telephone rooms- Tenant allowance
No. and location of phone boards- Tenant allowance
Computer network cabling- Tenant allowance

EXHIBIT "E"

Zoning Letter

(See Attached)

[LETTERHEAD CITY OF BOCA RATON]

April 14, 1997

Emil Hensel
Cross Country Staffing
1515 South Federal Hy, Suite 210
Boca Raton, Fl 33432

Re: Park Central
6601 Park of Commerce Blvd.
Boca Raton, Florida

To Whom it may Concern:

Please be advised that the above-referenced property is located in the LIRP (Light Industrial Research Park) zoning district. Worldwide Headquarters are permitted in that zoning district. As you have indicated, Cross Country Staffing is a worldwide headquarters that does not provide service to the general public on the premises, and thus would be permitted in the LIRP.

This letter in no way conveys any vested rights, nor does it relieve any applicant from complying with all of the codes of the City.

If you have any further questions, please contact the Department of Development Services at 393-7792.

Sincerely,

/s/ Jeffrey S Barker

Jeffrey S Barker, Zoning Officer
DEPARTMENT OF DEVELOPMENT SERVICES

EXHIBIT "E"

[LETTERHEAD CROSS COUNTRY STAFFING]

April 10, 1997

Jeff Barker
Zoning Coordinator
City of Boca Raton
101 East Palmetto Park Road
Boca Raton, FL

Dear Jeff:

We are In the process of finalizing a lease for our new worldwide headquarters containing 35,000 square feet of office space at the proposed office complex known as Park Central at 6601 Park of Commerce Blvd.

Cross Country Staffing is a subsidiary of W. R. Grace. We provide medical personnel to health care Institutions throughout the United States. We do not provide services to the general public on our premises.

We are currently located in Boca Raton, and are very pleased that we are able to remain in the City, and be a continuing part of its economic development.

Please send me a letter for our files confirming that our use is permitted in L.I.R.P.

Thank you for your prompt attention to this matter.

Sincerely,

/s/ Emil Hensel

Emil Hensel
Chief Operating Officer

EH/sb

EXHIBIT "F"

Arvida Rules and Regulations

(Rules Promulgated Pursuant to the Declaration of Covenants and Restrictions for Arvida Park of Commerce Dated June 7, 1978, Filed for Record June 8, 1978 in Official Records Book 2873, at Page 745, of the Public Records of Palm Beach County, Florida)

MERIDIAN PROPERTIES
7777 Glades Road, Suite 201
Boca Raton, FL 33433

May 29, 1997

Cross Country Staffing
Attn: Emil Hensel
1515 5. Federal Highway, Suite 210
Boca Raton, Florida 33432

Re: 6601 Park of Commerce Boulevard, Boca Raton, Florida

Gentlemen:

In consideration for the Lease which we have entered into with regard to the Office Facility which we intend to build on Park of Commerce Boulevard in the Arvida Park of Commerce, we wish to confirm our agreement that in the event Cross Country Staffing (but not its unrelated successors or assigns) experiences shortages of available parking for its employees, and such shortages can be ameliorated by having the Landlord designate parking spaces among the tenants in the Building, Meridian Properties will make such designations. As provided in Article 8, Section 4 of the Lease, Cross Country Staffing shall have the right to choose the location of its designated parking spaces before any of the spaces are designated to other tenants. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Lease.

Very truly yours,

MERIDIAN PROPERTIES

By: /s/ Jeffrey L. Schmier

Jeffrey L. Schmier
General Partner

Accepted and Agreed:

CROSS COUNTRY STAFFING

By: /s/ Emil Hensel

Name: EMIL HENSEL

Title: COO/CEO

MEMORANDUM OF LEASE

MEMORANDUM OF LEASE, made as of the 28th day of April, 1997, between MERIDIAN PROPERTIES, a Michigan partnership having an office at 7777 Glades Road, Suite 201, Boca Raton, Florida 33433 (hereinafter called "Landlord"), and CROSS COUNTRY STAFFING, a Delaware partnership having an office at 1515 South Federal Highway, Suite 210, Boca Raton, Florida 33432 (hereinafter called "Tenant").

WITNESSETH

1. Landlord, by lease dated April 28, 1997 (the "Lease"), has leased to Tenant and Tenant has leased from Landlord, upon and subject to the terms, covenants and conditions set forth in the Lease, certain premises (the "Demised Premises") comprising approximately 30,000 square feet (the entire second floor) of an office building (the "Building") to be constructed upon the tract of land described on Exhibit "A."

2. The term of the Lease commences on the "Commencement Date," as defined in the Lease, and terminates on April 30, 2008, unless terminated or extended as provided therein.

3. The Lease grants Tenant two (2) options to extend for additional periods of five (5) years each.

4. The Lease grants Tenant a right of first offer (all space to be offered to Tenant first) on all space in the Building as it becomes available for rent.

This Memorandum of Lease shall automatically expire one year from the date of recording.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the day and year written above.

LANDLORD
Meridian Properties

/s/ Witness
- ----------
Witness

By: /s/ Jeffrey L. Schmier

/s/ Witness
- ----------
Witness

Name: Jeffrey L. Schmier

Title: PARTNER

TENANT
Cross Country Staffing

/s/ [Illegible] S. Rosen
- ----------
Witness

By: /s/ Emil Hensel
Name: EMIL HENSEL
Title: COO/CEO

/s/ Witness
- ----------
Witness

STATE OF FLORIDA)
) ss
COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this 29th day of May, 1997 by EMIL HENSEL, the CHIEF OPERATING OFFICER of Cross County Staffing, a Delaware partnership, on behalf of the partnership. He is personally known to me.

(SEAL)
[STATE OF FLORIDA NOTARY PUBLIC SEAL]
CORINNE D. APPLEGATE
MY COMMISSION # CC 617030
EXPIRES: May 26, 2001
Bonded Thru Notary Public Underwriters

/s/ Corinne D. Applegate
Notary Public
State of Florida

STATE OF FLORIDA)
) ss
COUNTY OF PALM BEACH)

The foregoing instrument was acknowledged before me this 29th day of May, 1997 by JEFFREY L. SCHMIER, the PARTNER of Meridian Properties, a Michigan partnership, on behalf of the partnership. He is personally known to me.

(SEAL)
[STATE OF FLORIDA NOTARY PUBLIC SEAL]
CORINNE D. APPLEGATE
MY COMMISSION # CC 617030
EXPIRES: May 26, 2001
Bonded Thru Notary Public Underwriters

/s/ Corinne D. Applegate
Notary Public
State of Florida

Exhibit 10.5

October 31, 2000

LEASE AGREEMENT

TVCM, Inc./Goldberg Brothers Trust

40 Eastern Avenue, Malden, Massachusetts 02148

This Lease, made this 31 day of October, 2000 by and between the Trustees of the Goldberg Brothers Trust, a Massachusetts Nominee Trust created pursuant to a Declaration of Trust dated June 9, 1982, whose current business address is 10 Rantoul Street, Beverly Massachusetts, 01915, ("Landlord") and TVCM, Inc., a Delaware Corporation, whose current business address is 40 Eastern Avenue, Malden, Massachusetts, 02148-9104, ("Tenant") shall bind and inure to the benefit of their respective representatives, successors and assigns.

Tenant hereby attests, warrants and affirms that Bruce A. Cerullo as President thereof has the authority to execute this Lease on behalf of Tenant and bind Tenant to the terms hereof.

Landlord hereby attest, warrant and affirm that Richard B. Goldberg, Robert L. Goldberg, Steven J. Goldberg and William H. Goldberg, as Co-Trustees have the authority to execute this Lease on behalf of Landlord and bind Landlord to the terms hereof.

1. PREMISES

In consideration of the rent to be paid by Tenant, Landlord hereby does let, lease and demise unto Tenant 27,812 +/- square feet of commercial space, ("the Leased Premises") situated within the building addressed 30-40 Eastern Avenue, Malden, Massachusetts, 02148, (the "Building") together with the right to use in common with others entitled thereto, the Building's common utility pipes, utility service connections, area entrances and exits, and access ways for the purpose of providing utility and other services and access to and from the Leased Premises, providing such uses do not unreasonably interfere with other tenants' normal business operations.

The Leased Premises are specifically identified with type of use permitted hereby with respect to each unit and useable square footage as follows:

Unit	Square footage	
F-101	1,656 +/- Sq. Ft.	Office use
F-103	1,350 +/- Sq. Ft.	Office use
F-104	3,301 +/- Sq. Ft.	Office use
S-201	10,051 +/- Sq. Ft.	Office use
T-301	10,051 +/- Sq. Ft	Office use
B-101	1,200 +/- Sq. Ft.	Storage use
BB-101	203 +/- Sq. Ft.	Storage use

Tenant's total useable office area is 26,409 +/- Square Feet.
Tenant's total useable storage area is 1,403 +/- Square Feet.

Tenant's useable square footage was determined by measuring to the centerline of all of Tenant's exterior and perimeter walls and includes Tenant's proportional share of the common areas of the Building.

2. TERM AND BASE RENT

NOTWITHSTANDING ANYTHING IN THIS LEASE TO THE CONTRARY, TENANT SHALL BE BOUND AND OBLIGATED PURSUANT TO THE TERMS, CONDITIONS AND RENTAL OBLIGATIONS OF THE EXISTING LEASES BETWEEN LANDLORD AND TENANT DATED OCTOBER 13, 1995 AND APRIL 14, 1998 THROUGH JANUARY 31ST 2001, WITHOUT LIMITATION, TENANT'S EXISTING OVERAGE OBLIGATIONS THROUGH JANUARY 31ST 2001 SHALL SURVIVE THE COMMENCEMENT DATE OF THIS LEASE. SUCH LEASES SHALL BE DEEMED TO TERMINATE ON JANUARY 31ST, 2001.

Tenant covenants and agrees to pay rent to Landlord at Landlord's mailing address (Goldberg Brothers Trust, 10 Rantoul Street, Beverly, Massachusetts, 01915) or to such person or entity at such other address as Landlord may from time to time direct in writing. All monetary payments to Landlord are to be made payable to the Goldberg Brothers Trust.

Tenant's lease term is for the period commencing September 12th 2000 and expiring June 30th 2005 (the "Lease Term").

It is expressly understood and agreed the following schedule identifies rental suites, annual base rental rates (as herein provided, through January 31, 2005, or for storage space, through June 30, 2005), square footage, lease commencement dates and lease expiration dates and shall govern Tenant's lease obligations.

Lease Unit	Square footage	Commencement Date	Lease Exp. Date	Rent PSF
F-101 (a)	1,656 Sq. Ft.	09/12/00	06/30/05	$15.45 PSF
F-103 (b)	1,350 Sq. Ft.	01/01/01	06/30/05	$15.45 PSF
F-104	3,301 Sq. Ft.	02/01/01	06/30/05	$15.45 PSF
T-301	10,051 Sq. Ft.	02/01/01	06/30/05	$15.45 PSF
S-201	10,051 Sq. Ft.	02/01/01	06/30/05	$15.45 PSF
B-101	1,200 Sq. Ft.	02/01/01	06/30/05	$6.41 PSF
BB-101	203 Sq. Ft.	02/01/01	06/30/05	$6.41 PSF

(a) Tenant shall be renting F-101 as of September 12th 2000.

Pursuant to the terms of this Lease, Landlord at Landlord's expense shall install new carpet, and cove base and paint all existing previously painted surfaces within this (F-101) office suite.

All other work to prepare this (F-101) office suite for Tenant shall be at Tenant's expense.

(b) Tenant shall be renting F-103 as of January 1st 2001.

Suite F-103 is currently occupied by Wholesale Printing. Wholesale Printing has provided Landlord written notice that Wholesale Printing shall vacate F-103 as of September 30th 2000.

If Wholesale Printing fails to vacate on or before September 30th 2000, Landlord shall immediately take all reasonable steps in a continuous fashion to legally evict Wholesale Printing from Suite F-103. Tenant understands and agrees this may cause a delay in leasing Suite F-103 to Tenant.

Pursuant to the terms of this Lease, Landlord at Landlord's expense shall install new carpet, and cove base and paint all existing previously painted surfaces within this (F-103) office Suite. Additionally Landlord at Landlord's expense shall open a portion of the wall separating F-101 and F-103 and patch and repair such opening if requested by Tenant at the commencement of Tenant's occupancy of F-103.

All other work to prepare this (F-103) office suite for Tenant shall be at Tenant's expense.

Landlord shall require a minimum of one month to complete Landlord's work and anticipated Tenant work requirements for this office suite (F-103). All work by Landlord shall be completed in a good and workmanlike manner.

Accordingly, Tenant shall provide Landlord plans of Tenant's work requirements for F-103 (Wholesale Printing) on or before December 1st 2000.

Landlord agrees if Tenant provides to Landlord Tenant's build-out requirements on or before December 1st 2000, and if Landlord has not reasonably completed this work on or before December 31st 2000, then Tenant's rental obligations for this suite F-103 shall not commence until the date Landlord has substantially completed Tenant's work for this suite F-103. "Substantially completed" as used herein shall mean completion to a state reasonably usable by Tenant with exception for minor "punch list" items which Landlord shall complete within thirty (30) days after Tenant's notice thereof.

Tenant agrees, if Tenant does not provide to Landlord Tenant's build-out requirements on or before December 1st 2000, and such failure is the primary cause preventing Landlord from completing Tenant's build-out requirements on or before December 31st 2000, Tenant's rental obligations for this office suite F-103 shall still commence January 1st 2001.

Landlord agrees, if Landlord has not substantially completed Tenant's build-out specifications within a one month period from the date of receiving Tenant's complete build-out specifications, then Tenant's rental obligations shall be suspended until Landlord has substantially completed Tenant's requested build-out improvements.

For the period from commencement of the Lease Term with respect to each of the following suites through January 31, 2005, (or as applicable, June 30, 2005) Tenant shall pay to

Landlord a minimum Base Rent of One Million Six Hundred Eighty-Three Thousand Four Hundred Forty-Three Dollars and Eighteen Cents ($1,683,443.18) in United States Currency as follows:

Unit	Square footage	Rent PSF	Lease Term	Total Lease Rent (*Through 1/31/05 ONLY)	Monthly Rent
F-101	1,656 Sq. Ft	$15.45 PSF	09/12/00 - 06/30/05	$112,219.53*	$ 2,132.10*
F-103	1,350 Sq. Ft	$15.45 PSF	01/01/01 - 06/30/05	$ 85,168.37*	$ 1,738.13*
F-104	3,301 Sq. Ft	$15.45 PSF	02/01/01 - 06/30/05	$204,001.92*	$ 4,250.04*
T-301	10,051 Sq. Ft	$15.45 PSF	02/01/01 - 06/30/05	$621,151.68*	$12,940.66*
S-201	10,051 Sq. Ft	$15.45 PSF	02/01/01 - 06/30/05	$621,151.68*	$12,940.66*
B-101	1,200 Sq. Ft	$6.41 PSF	02/01/01 - 06/30/05	$ 33,998.44	$ 641.48
BB-101	203 Sq. Ft	$6.41 PSF	02/01/01 - 06/30/05	$ 5,751.56	$ 108.52
			Totals	$1,683,443.18	$34,751.59

From and after February 1, 2005 and until June 30, 2005, Base Rent for Suites F-101, F-103, F-104, T-301, and S-201 shall be at the annual rate(s) of the lesser of (a) "Current Market Rent" for the given suite as hereinafter defined and determined, and (b) $18.50 PSF, but in no event at a rate less than $15.45 PSF.

Tenant's Base Rent obligation pursuant to this Lease shall be payable in monthly installments as follows (the "Base Rent"):

Monthly	Total Period	Monthly Payment	Total Payment
09/12/00 - 09/30/00	19 days	$1,350.33	$1,350.33
10/01/00 - 12/31/00	3 months	$2,132.10	$6,396.30
01/01/01 - 01/31/01	1 month	$3,870.23	$3,870.23
02/01/00 - 12/31/01	11 months	$34,751.59	$382,267.49
01/01/02 - 12/31/02	12 months	$34,751.59	$417,019.08
01/01/03 - 12/31/03	12 months	$34,751.59	$417,019.08
01/01/04 - 12/31/04	12 months	$34,751.59	$417,019.08
01/01/05 - 01/31/05	1 month	$34,751.59	$34,751.59
02/01/05 - 06/30/05	5 months	"$Market" & 750.00	"$Market" &3,750.00

Total: $1,683,443.18 & "Market" Rent 2/1/05 - 6/30/05

All Base Rent shall be due on the first day of each month in advance. If this Lease shall commence on any day other than the first day of the month, then that month's Base Rent shall be pro-rated so all future monthly rents shall be due on the first of the month.

In addition to the above Base Rent Tenant covenants and agrees to pay to Landlord all other sums and additional rents that may become due as set forth in this Lease or our existing October 13th 1995 and April 14th 1998 leases up through January 31st 2001, including overage provisions as applicable.

Tenant shall immediately pay to Landlord a penalty of One Hundred ($100.00) Dollars each time that Tenant issues and delivers to Landlord a check or draft that is not honored for any reason or returned for insufficient funds by Tenant's financial institution. If Tenant does not pay this penalty and replace such "bounced check" within ten (10) days of written notification from

Landlord then such inaction by Tenant shall be considered a material breach of this Lease which may result in its early termination.

Should Landlord not receive Tenant's monthly rental payment "in hand" on or before the 10th day of the month, then Tenant shall pay to Landlord as additional rent, a late penalty fee equal to five percent (5.00%) of the outstanding rent owed for that rental period. If Tenant does not pay this late fee and past due rent within ten (10) days of written notification from Landlord, such inaction by Tenant shall be considered a material breach of this Lease which may result in its early termination.

2.1 FIRST RIGHT TO LEASE ADDITIONAL SPACE

Tenant shall have the "First Right" to lease the following commercial spaces within 30-40 Eastern Avenue, Malden.

First Floor

Unit #	Current Tenant	Lease Sq. Ft	Lease exp. date	Option notice deadline	Option term exp. date	Tenant Rental Rate
F-102	Harbor Tech	2,650	04/30/2002	None	N/A	$15.45 psf
F-104a	Software Sol.	1,200	06/30/2001	None	N/A	$15.45 psf
F-105	Health Quarter	1,800	03/31/2006	None	N/A	$15.45 psf

Total poss. Office SF 5,650

Tenant shall notify Landlord not later than six (6) months prior to each of the lease expiration dates listed above whether Tenant shall lease the relevant commercial space. In the event that Tenant fails to so notify Landlord thereof not less than six (6) months in advance, as set forth above, Landlord shall, prior to leasing such space to any third party, notify Tenant of such proposed lease to a third party, whereupon, Tenant shall have five (5) business days to exercise Tenant's option to lease such space, or such option shall become null, void and of no further effect. If Tenant notifies Landlord that Tenant exercises Tenant's option, Landlord shall lease such space to Tenant as herein provided. For all spaces Tenant leases under this Section 2.1 the lease termination date shall be June 30th 2005.

2.2 OPTION TO EXTEND LEASE TERM

Tenant shall have the right to extend the Lease Term with respect to all space leased hereunder for one (1) additional five (5) year term (the "Option Period") provided Tenant meets and adheres to the following conditions:

A. Tenant sends and Landlord receives "in hand" on or before 5:00 PM June 30th 2004 written notice via certified mail, return receipt requested or by nationally-recognized night delivery service providing a receipt for delivery a notice evidencing Tenant's intent to exercise Tenant's right to extend the Lease Term for the Option Period.

B. At the time of exercising this option, Tenant must be in conformance and in good standing in all material respects with Tenant's obligations and conditions under this Lease.

Monetary arrearage in excess of fifteen (15) days by Tenant, shall constitute a material breach of this Lease and prevent Tenant from exercising this right of lease extension.

C. During the Option Period, all terms, covenants, conditions and provisions of this Lease shall remain in full effect and force except Tenant's Base Rent during the first year of this Option Period shall be the higher of the following: (a) Tenant's prior year annual Base Rent; and (b) Current Market Rent. Determination of Current Market Rent for the last five months of the Lease Term, with respect to Suites F-101, F-103, F-104, S-201, and T-301, and, if applicable, the initial year of Tenant's Option Period shall be as follows:

The phrase "Current Market Rent" shall mean the rental and all other monetary payments and escalations that Landlord could obtain from a third party desiring to lease space in the Malden commercial market as of July 1, 2005, taking into account the type of building, the size, use, location, floor levels and then condition of the demised premises, the quality of construction of the building and of the demised premises, the services provided under the terms of the proposed lease, including without limitation any special rights thereunder, the rental then being attained for new leases of space comparable to the demised premises in the Malden commercial market and all other factors that would be relevant to a third party desiring to lease the demised premises; provided however that no reduction, deduction or allowance for the construction of lessee improvements shall be taken into account in determining Current Market Rent. Upon Tenant's election to extend the Lease Term, or if Tenant elects not to extend the Lease Term as herein provided, on or before July 31st 2004, Landlord may, at its election, initially designate "Current Market Rent" by written notice to Tenant, accompanied by data to support such designation (the "Designation"). If Tenant disagrees with the Designation, Tenant shall notify Landlord within fifteen (15) days after such Designation, of such disagreement in writing; otherwise Tenant shall conclusively be deemed to have agreed to the Designation.

In the event that the parties hereto disagree as to the Current Market Rent, each party shall, within thirty (30) days after the date of such notice by Tenant, appoint an appraiser. Each appraiser so appointed shall be instructed to determine independently the Current Market Rent. If the difference between the amounts so determined by such appraisers does not exceed ten percent (10%) of the lesser of such amounts, then the Current Market Rent shall be equal to fifty percent (50%) of the combined total of the amounts so determined. If the difference between the amounts so determined exceeds ten percent (10%) of the lesser of such amounts, then such two (2) appraisers shall have ten (10) days thereafter to appoint a third appraiser, but if such appraisers fail to do so within such ten (10) day period, then either Landlord or Tenant may request the American Arbitration Association or any successor organization thereto to appoint an appraiser within ten (10) days of such request, and both Landlord and Tenant shall be bound by any appointment so made within such ten (10) day period. If no such appraiser shall have been appointed within such ten (10) days, either Landlord or Tenant may apply to any court having jurisdiction to have such appointment made by such court. Any appraiser appointed by the original appraiser, by the American Arbitration Association or by such court shall be instructed to determine the Current Market Rent in accordance with the definition of such term contained herein within twenty (20) days after its appointment. If the third appraisal shall exceed the higher of the first two (2) appraisals, the Current Market Rent shall be the higher of the first two (2) appraisals; if the third appraisal is less than the lower of the first two (2) appraisals, the

Current market rent shall be the lower of the first two (2) appraisals. In all other cases, the Current Market Rent shall be equal to the third appraisal. All such determinations of the Current Market Rent shall be final and binding upon Landlord and Tenant as the Current Market Rent for the applicable effective date. Notwithstanding the foregoing, if either party shall fail to appoint its appraiser within the thirty (30) day period specified above (such party being referred to herein as the "failing party"), the other party may serve notice on the failing party requiring the failing party to appoint its appraiser within ten (10) days of the giving of such notice. If the failing party shall not respond by appointment of its appraiser within such ten (10) day period, then the appraiser appointed by the other party shall be the sole appraiser whose determination of the Current Market Rent shall be binding and conclusive upon Landlord and Tenant. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. Each party shall pay for the fees and expenses of the appraiser appointed by it, but the fees and expenses of any third appraiser shall be shared equally by the parties. All appraisers appointed hereunder shall be MAI appraisers, so-called.

For each additional year in the Option Period, Tenant's annual rental rate shall be calculated by adding (a) Tenant's base rental rate for the immediately preceding year, and (b) the percentage increase in the Consumer Price Index (CPI) [or similar Governmental measurement should this index no longer be published] for the prior twelve month period multiplied by Tenant's base rental rate for the immediately preceding year. It being understood at no time would Tenant's rental rate decrease from the prior year.

For clarification purposes, the specific "CPI" index is the Consumer Price Index for all Urban Consumers, Boston, Massachusetts Consolidated Metropolitan District; All Items as published by the Bureau of Labor Statistics of the United States Department of Labor.

3. HOLD-OVER BY TENANT

In the event that Tenant fails to deliver up the Leased Premises to Landlord at the end of the Lease Term in accordance with the terms hereof, Tenant shall be liable to Landlord for all of following, without set-off or reduction in any manner:

A. All of Landlord's actual damages resulting from such hold-over;

B. A penalty equal to One and one-half (1 1/2) times Tenant's then daily calculated rental rate per day for each day, or portion of a day, after the date on which this Lease terminates during which Tenant or its employees or agents occupies any portion of the Leased Premises. Tenant shall be deemed to occupy the Leased Premises under either of the following circumstances: (1) the presence in the Leased Premises of Tenant or Tenant's employees or agents, (2) the material presence in the Leased Premises or portions thereof of furniture or equipment belonging to Tenant or its employees or agents,

C. Any additional relief awarded to Landlord in any judicial proceeding regarding this Lease or Tenant's occupation of the Leased Premises.

4. REAL ESTATE TAXES

Tenant agrees to pay to Landlord within thirty (30) days of receipt of notice thereof SEVENTY TWO AND FORTY FOUR Hundredths percent (72.44%) of any increase in the real estate taxes over Base Real Estate Taxes for the property addressed 30-40 Eastern Avenue, Malden, Massachusetts, 02148 (the "Property"). Landlord warrants and represents that the Leased Premises contain no less than SEVENTY TWO AND FORTY FOUR Hundredths (72.44%) percent of the total square footage of the Building.

The Base Real Estate Taxes shall be the taxes assessed by the City of Malden for the 2000 fiscal tax year, commencing July 1, 1999 and ending June 30, 2000. Landlord warrants and represents that the 2000 Base Real Estate Taxes are $36,851.59.

In the event of any abatement of real estate taxes at any time, Tenant's real estate tax payment due hereunder shall be reduced or if already paid in full for the relevant period, the difference between the amount so paid by Tenant and the amount due shall be reimbursed to Tenant within thirty (30) days after Landlord receives such abatement. Landlord shall be entitled to deduct from the whole of the taxes abated Landlord's reasonable expenses, including reasonable professional fees spent by Landlord in the obtaining of such abatement, in calculating any adjustment in the amount due from Tenant or to be refunded to Tenant under this provision.

Tenant is fully responsible for taxes assessed on Tenant's personal property and equipment within the Leased Premises.

5. OPERATING EXPENSE ESCALATIONS

Tenant shall pay to Landlord as additional rent hereunder when and as designated by notice in writing by Landlord, SEVENTY TWO AND FORTY FOUR Hundredths percent (72.44%) of any increase in Landlord's operating expenses over those incurred during the calendar year period commencing January 1, 2001 and ending December 31, 2001, which for this provision shall be Tenant's base year (referred to herein as the "Base Year").

For this provision, operating expenses are defined as all reasonable expenses of Landlord in maintenance, repair and operation and management of the Property for the benefit or protection of all property, tenants and owners thereof.

Capital improvements, reimbursed expenses, interest, and expenses related to mortgaging of the Property or extension of any mortgage financing shall not be considered operating expenses under this provision.

For calculating Landlord's annual operating expenses for the Property, Landlord's operating expenses shall include, but are not limited to, the following categories with descriptions:

Heat:

Fuel necessary to heat the entire Building.

Hot Water:

Fuel necessary to provide hot water to all bathroom areas within the Building.

Air Conditioning:

Electric power necessary to air condition all applicable interior areas of the Building, unless served by a separate system maintained for any tenant.

City Water and Sewage:

Public water and sewage charges for the Property.

Off-Street Parking:

Cost to rent and maintain all parking lot(s) used by all tenants of the Property.

Landscaping:

Costs for grass cutting, shrub maintenance, tree pruning, watering, etc.

Exterior Maintenance:

Costs for maintaining and repairing all exterior areas of the Property.

Snow Removal:

Costs to shovel, plow, sand, salt, and remove snow off-site from the parking lots and exterior common entryway areas serving the Property.

Common Area Janitorial:

Costs to clean and maintain the interior common areas of the Building.

Common Area Janitorial Supplies:

Costs of all supplies and materials to clean and maintain the interior common areas of the Building.

Rubbish:

Cost to remove all rubbish and debris off-site from the Building and rental fees for any dumpsters for use by all tenants or by Landlord in maintaining the Building.

On-Line Alarm System:

Cost of maintaining, repairing and monitoring as necessary all electronic common area security systems for the protection of the common areas of the Building.

On-Site Security Person:

Costs of providing one (1) on-site security person from 4:30 P.M. to 8:30 P.M. Monday through Friday excepting holidays from October 1st of each calendar year through March 31st in the following calendar year.

Insurance:

Cost of obtaining reasonable property insurance and liability insurance primarily protecting the Building, the Property and its owners.

Energy Management System(s):

Cost of the maintenance, repairing and monitoring as necessary the energy management system which serves the entire Building.

Professional Fees:

Costs reasonably incurred for the reporting of taxes and legal fees and other reasonable fees associated with the on-going operations of the Building and Property.

Elevator:

Costs of contractual maintenance, all inspection fees and necessary repairs for the elevator serving the Building.

Repairs and Maintenance:

Costs under contractual agreements or otherwise to maintain and repair all physical, mechanical, electrical, HVAC or other systems serving the entire Property.

Should this Lease be in effect with respect to only a portion of any calendar year, Tenant's responsibility under this provision shall be pro-rated to accurately reflect Tenant's precise period of occupancy when calculating any monies Tenant may owe to Landlord under this provision.

Tenant's obligations to pay operating expenses as additional rent for Tenant's period of occupancy in Tenant's final lease year shall survive the expiration of the Lease Term.

Commencing March 1, 2001 and on or about the same date every year thereafter, Landlord shall provide Tenant with the previous year's operating expense and real estate tax amounts. Upon Tenant's request, Landlord shall provide Tenant a letter of certification from Landlord's accounting firm affirming the accuracy of Landlord's operating expense and real estate tax figures. If requested by Tenant, Landlord shall reasonably provide pertinent receipts and records as proof of that year's operating expenses and real estate taxes.

Should Tenant request Landlord's accountant's certification, and if Landlord's accountant determines Landlord's expense figures are substantially accurate, then Tenant shall reasonably reimburse Landlord for the costs of Landlord's accountant's certification.

Tenant shall pay Landlord any amount owed under this provision within thirty (30) days of receipt of the bill therefor from Landlord and any such amount owed shall be considered additional rent under this Lease.

6. JANITORIAL SERVICES

Landlord shall provide Tenant the following janitorial services, including supplies:

DAILY: (Monday - Friday but excluding holidays)

1. OFFICES:

a: Empty all trash receptacles. Change liners as necessary.
b: Wipe and dust all furniture surfaces.
c: Vacuum all carpet surfaces, paying particular attention to corners, edges, and under exposed furnishings.
d: Sweep and vacuum all non-carpeted floors.
e: Wipe down all finger prints off doors and door frames.
f: Remove Rubbish to designated disposal area.

2. KITCHEN:

a: Wipe down all tables and chairs.
b: Wipe down all cabinets and counters.
c: Clean sink area.
d: Wipe down all appliances, including the interior of microwave.
e: Sweep and wash flooring.

3. BATHROOMS:

a: Clean and disinfect all bathroom fixtures.
b: Replenish supplies (paper towels, toilet paper, soap, etc.)
c: Wipe down walls and paper dispensers.
d: Sweep and wash flooring using a disinfectant solution.
e: Empty all waste receptacles, change liners.
f: Clean and polish all mirrors and brightwork.

WEEKLY:

a: Wash all non-carpeted flooring. Tenant is responsible to remove all paper products and other belongings that reasonably could be damaged if the cleaning service washes or waxes Tenant's "mailroom" flooring.
b: Wipe and clean all glass wall inserts.
c: Police and clean debris from rear lot and front sidewalk.

QUARTERLY:

a: Wax all non-carpet floor areas.

YEARLY:

a: Vacuum all ceiling vents.
b: Dust all ceiling light fixtures.

The above described janitorial services shall be performed only for Tenant's office areas. Landlord shall be responsible for all common area janitorial services.

Any and all additional janitorial services shall be at Tenant's expense and shall be scheduled through Goldberg Properties Management, Inc.

Landlord solely reserves the right, at any time, to change cleaning services, if in Landlord's reasonable determination such change is appropriate, after notice to Tenant of the proposed change. At any time after such change, Tenant shall have the option, exercised by notice to Landlord, to cause to be performed Landlord's janitorial obligations within the Leased premises, as set forth above, by a contractor or service of Tenant's selection, at Tenant's expense. In the event Tenant so elects, the rent for the entire Leased Premises shall be decreased by $1.00 per square foot of office space therein, for the then-remainder of the Lease Term.

Janitorial Expense Escalations

To accurately reflect Landlord's and Tenant's agreement pursuant to Section 6 and as Landlord is providing interior Leased Premises janitorial services only to Tenant, Tenant shall pay to Landlord as additional rent hereunder one hundred (100%) percent of any increase in Landlord's costs for performing the above described janitorial services over those costs incurred therefor during the Base Year, provided that this provision shall not apply to any services or supplies associated with (i) common area janitorial services or (ii) services provided benefiting other tenants of the Building.

Not withstanding the above, Tenant shall be responsible also for its proportional share pursuant to Section 6 of any increase in costs for the janitorial expenses associated with the common areas of the Property.

7. COMMON AREAS

Tenant shall have the shared right of use and access to the common area bathrooms, staircases, hallways, elevators, lobbies, driveway, parking lots, etc., within and outside of the Property. Tenant understands this right shall be contingent upon Tenant not being in material default under the terms of this Lease.

8. PARKING

Tenant currently has the exclusive right to use sixty four (64) parking spaces pursuant to the terms of the existing leases between Landlord and Tenant dated October 13th 1995 and April 14th 1998.

Effective September 12th 2000 +/-, with Tenant's rental of F-101, Tenant shall be allocated an additional five (5) parking spaces for a total of sixty-nine (69) parking spaces. These spaces are identified and located as follows:

40 Eastern Avenue parking lot	27 spaces	6 & 7, 10 & 11, 24 - 44, 46 & 47
Main street Lot:	21 spaces	no space numbers
Town & Paint parking lot:	21 spaces	1 - 21
Total:	69 spaces	

In addition to these sixty-nine (69) spaces, Landlord leases to Tenant on a month to month basis an additional eleven (11) parking spaces at the rental rate of $35.00 dollars per space per month. These eleven (11) spaces are located within the Main Street Parking lot.

Effective January 1st 2001 +/-, with Tenant's rental of F-103, Tenant shall be allocated an additional four (4) parking spaces for a total of seventy-three (73) parking spaces. These spaces are identified and located as follows:

40 Eastern Avenue parking lot	29 spaces	6 & 7,	10 - 13, 24 - 44, 46 & 47
Main street Lot:	23 spaces	no space numbers	
Town & Paint parking lot:	21 spaces	1 - 21	
Totals:	73 spaces		

In addition to these seventy-three (73) spaces, Landlord shall lease to Tenant on a month to month basis an additional nine (9) parking spaces at the rental rate of $35.00 dollars per space per month. These nine (9) spaces are located within the Main Street Parking lot.

Effective February 1st 2001, Tenant shall be allocated a total of seventy-nine (79) parking spaces. They are as follows:

40 Eastern Avenue parking lot	29 spaces	6 & 7,	10 - 13, 24 - 44, 46 & 47
Main street Lot:	29 spaces	no space numbers	
Town & Paint parking lot:	21 spaces	1 - 21	
Totals:	79 spaces		

In addition to these seventy-nine (79) spaces, Landlord shall lease to Tenant on a month to month basis an additional three (3) parking spaces at the rental rate of $35.00 dollars per space per month. These three (3) spaces shall be located within the Main Street Parking lot.

Landlord shall have the right to allocate which parking spaces Tenant shall have use of. Tenant further agrees, should Landlord request it, to provide Landlord registration number, year, color and make of the cars which shall be using Tenant's parking spaces.

For any additional first floor office space Tenant leases, Landlord shall provide Tenant with three (3) parking spaces per 1,000 sq. ft. of office space Tenant leases or portion thereof. However, Tenant understands this does not include the basement space.

9. PERMITTED USE

Tenant covenants and agrees that Tenant shall occupy and use the Leased Premises throughout the Lease Term or any renewals or extensions thereof, including any period of holding over, only for professional or general office use.

10. TENANT'S ADDITIONAL COVENANTS

Tenant covenants and agrees at Tenant's sole cost and at all times during the course of the Lease Term and any such future terms of occupancy by Tenant of the Leased Premises or any part thereof:

A. To conduct Tenant's business at all times in a professional and reputable manner.

B. To comply with all governmental rules and regulations related to the storage and disposal of refuse; to store all trash and refuse within the Leased Premises or within the dumpster located in the rear parking lot area of the Property.

After each use of the dumpster, Tenant shall make sure the wooden gate accessing this dumpster is closed and secured. Tenant further agrees to place Tenant's trash and refuse only inside the dumpster and not on the ground around such dumpster.

Tenant's use of this dumpster is for reasonable use only (normal daily business operations, which term shall specifically exclude disposal of any office furniture or bulk items). If Tenant's use becomes unreasonable as reasonably determined by Landlord, then Tenant shall reimburse Landlord for such excess use.

C. Not to use the Leased Premises in a manner which shall be unlawful, improper, noisy, odorous or offensive to the other tenants within the Building and not to use the Leased Premises in any way that shall be contrary to any law or any municipal by-law of the City of Malden. Tenant agrees that Landlord has made no representation or warranties with respect to Tenant's intended use of the Leased Premises.

D. To comply promptly with all applicable laws, rules, regulations, ordinances, requirements, or orders of public authorities, the Board of Fire Underwriters, and similar organizations except when Landlord is responsible for compliance therewith under the terms and conditions of this Lease.

E. Not to make any use of the Leased Premises which shall invalidate or increase the cost of Landlord's insurance, nor use any advertising medium which may constitute a nuisance; nor do any act tending to injure the reputation of the Property.

F. To be responsible for all maintenance and repairs within the interior of the Leased Premises. Landlord shall be responsible for structural repairs and any equipment that is Landlord's obligation to maintain pursuant to

Section # 13. Tenant's responsibility shall include, without limitation, electrical, plumbing, windows, doors, and any interior improvements serving the Leased Premises exclusively. At the end of Tenant's occupancy, Tenant shall surrender the Leased Premises in the same condition as at the commencement of Tenant's occupancy, reasonable wear and tear only excepted.

G. Not to overload or deface the Leased Premises.

H. To save harmless and to indemnify Landlord from and against any and all liability, costs and expenses for damages, losses, injuries, or death to persons or losses to property as a result of Tenant's occupation of the Leased Premises excepting only those arising from any omission, negligence or willful misconduct of Landlord or its agents, such indemnification to include Landlord's reasonable attorney's fees and costs. Tenant agrees to maintain public liability insurance on the Leased Premises protecting both Landlord and Tenant, and shall furnish to Landlord on an annual basis a certificate showing such insurance to be in force. The amount of such public liability insurance shall be a minimum of $1,000,000.00 dollars per occurrence and $2,000,000.00 in the aggregate. Tenant's insurer must be licensed to do business in the Commonwealth of Massachusetts. In addition, Landlord recommends this policy have a plate glass and door endorsement, for Tenant is responsible for repairing and replacing any broken glass, and doors and frames within or providing access to the Leased Premises which for any reason may occur other than by Landlord's fault.

I. To understand and agree Tenant's furnishings, fixtures, equipment, effects, and property of every kind, in the Building shall be at the sole risk and hazard of Tenant. If all or any part thereof shall be destroyed or damaged by fire, water, or any other casualty, or by leakage or bursting of water, or any other pipes, by theft or from other cause, no part of such loss is to be charged to or be borne by Landlord unless such damage was caused by the negligence or willful misconduct of Landlord.

J. Not to assign this Lease, nor sublet in whole or any portion of the Leased Premises, nor permit the use of all or any part of the Leased Premises by persons other than Tenant, its servants and agents, without the written consent of Landlord. Any such assignment, sublease or permission to occupy by Tenant without such consent shall be a material breach of this Lease by Tenant, and at the option of Landlord, entitle Landlord to terminate this Lease. Landlord's permission to assign, sublease or permit occupancy of the Leased Premises by others shall not be unreasonably withheld or delayed.

Any assignment to any parent, subsidiary or affiliate of Tenant shall not be deemed an assignment hereunder for purposes of requiring Landlord's approval. "Affiliate" shall mean any business entity controlling, controlled by or under common control with Tenant, and any entity or person which may come to own a controlling portion (fifty one percent (51%)) or more of Tenant's assets or the ownership interest in Tenant.

Notwithstanding the above, neither Tenant nor any assignee, whether or not an Affiliate shall be relieved of Tenant's obligations hereunder, as a result of any such assignment, sublease or permission to occupy the Leased Premises.

If either Tenant or Landlord engages a real estate broker to procure a substitute tenant or subtenant in accordance with the terms hereof, Tenant shall be responsible for the real estate commission payable to such real estate broker on account of such substitute tenant's or subtenant's occupancy of the Leased Premises (or any portion thereof) for the period commencing as of the effective date of such assignment or sublease through the last day of the Lease Term. Thereafter, Landlord shall be reasonably responsible for the remaining portion of such standard and reasonable real estate commission.

K. Not to make any alterations, installations, (other than trade fixtures) or additions to the Leased Premises, nor permit the painting, or placing of signs, awnings, flagpoles, or various types of advertisement media or the like in, or about the Leased Premises, without on each occasion obtaining the prior written permission of Landlord, which shall not be unreasonably withheld or delayed.

L. To pay promptly when due the entire cost of any alterations or improvements in the Leased Premises undertaken by Tenant and to bond against or discharge any liens for labor or materials in connection therewith within ten (10) days after a request therefor by Landlord; to procure all necessary permits before undertaking such work; and to do all such work in a good and workmanlike manner, employing materials equal in quality to those used in Landlord's work and to comply with all governmental requirements in connection with such improvements.

M. To discharge (by payment or by filing of the necessary bond or otherwise) any mechanics, materialman's or other liens against the Leased Premises or Landlord's interest therein, which liens may arise out of any payments due, or purported to be due, for any labor, services, materials, supplies, or equipment alleged to have been furnished to or at the request of Tenant in, upon, or about the Leased Premises.

N. Upon Landlord providing Tenant reasonable oral notice (not less than 24 hours in advance), to permit Landlord during business hours to enter to view the Leased Premises or to show the same to prospective purchasers, lenders, tenants, agents of Landlord, or repair personnel. If an emergency arises, in Landlord's reasonable determination, Landlord shall have the right of access at any time to rectify such emergency.

0. To remove at the termination of this Lease Tenant's or occupation of the Leased Premises, all Tenant's goods, and effects from the Leased Premises which are not the property of Landlord, and to yield up to Landlord the Leased Premises with all keys and locks. The Leased Premises shall be in the same condition as at the commencement of this Lease, reasonable wear and tear only excepted. Landlord shall have the right to treat any remaining property as abandoned and to dispose of such property at Tenant's expense in any manner Landlord deems fit.

P. To permit Landlord without molestation to install reasonable "for lease" sign(s) within Tenant's windows twelve months prior to the end of the Lease Term. Landlord covenants to remove such sign(s) upon Landlord's leasing of the Leased Premises.

Q. To pay when due all electricity separately metered to the Leased Premises, telephone, and other charges payable on account of Tenant's use of utilities in the Leased Premises.

11. LANDLORD'S IMPROVEMENTS

Landlord shall provide to Tenant a Sixty Thousand Dollar ($60,000.00) credit towards Tenant's cost of cosmetically upgrading Tenant's existing 2nd and 3rd floor office areas. Tenant shall provide to Landlord Tenant's detail plans for cosmetically improving Tenant's 2nd and 3rd floor office areas on or before March 31st 2001. Landlord shall make good faith efforts to complete such 2nd and 3rd floor improvements on or before June 30th, 2001 or ninety (90) days after receipt of Tenant's plans, whichever date is later. Landlord's work shall be completed in a good and workmanlike manner.

In all new first floor office space Tenant leases (such as Suites F-101 and F-103), Landlord at Landlord's expense shall install new carpet with cove base and paint all existing previously paintable surfaces within these newly leased offices.

Additionally, Landlord at Landlord's expense shall open a portion of the wall separating F-101 and F-103 and patch and repair such opening as requested by Tenant at the commencement of Tenant's occupancy of both of these suites.

All other work not specifically covered by this Section 11 to prepare Tenant's newly leased first floor office space shall be at Tenant's expense.

Landlord and Tenant shall cooperate and work together to complete any and all improvements to the Building during the Lease Term in a reasonable, timely, workmanlike and quiet fashion.

Landlord shall charge Tenant standard overtime rates should Tenant request Landlord to work within the Leased Premises before or after normal business hours, defined herein as 8:00 a.m. to 5:00 p.m. Monday through Friday, excepting holidays.

Any built-in improvements installed for Tenant shall, at Landlord's option, remain part of the Leased Premises at the termination of this Lease or shall be removed at Tenant's expense. Tenant shall notify Landlord not less than thirty (30) nor more than ninety (90) days prior to expiration or termination of this Lease that Landlord is required to notify Tenant of which improvements Landlord so designates for removal. Any leasehold improvement not designated for removal by Landlord by notice to Tenant within seven (7) days after Tenant's notice shall remain in the Leased Premises after the expiration or termination of the Lease Term.

Goldberg Properties Management Inc. shall be the general contractor for all work to the Leased Premises which physically or permanently alters any portion of the Property or requires a building permit issued by the City of Malden's Building Department or any associated City Department. However, Tenant shall have the right to seek alternative quotes from other licensed contractors. Tenant may select an alternative contractor's quote if such quote equals or exceeds a seven and one-half percent (7.50%) reduction from Landlord's quote and Landlord declines to match such alternative quote within forty-eight (48) hours after receiving a copy of such alternative contractor's quote from Tenant. Tenant's contractor, if selected, shall meet the following conditions:

1. Contractor shall provide to Landlord prior to commencement of any work at the Property evidence of appropriate workman compensation insurance coverage and liability insurance coverage (minimum of one million dollars) issued by an insurance company licensed to provide such insurance within the Commonwealth of Massachusetts.

2. Contractor shall only use materials of a quality equal to or that exceeds the quality of materials already in place. Contractor shall further make all reasonable efforts to match all existing materials in place.

Tenant understands that any licensed contractor selected by Tenant other than Goldberg Properties Management Inc. shall be considered an agent of Tenant. Therefore, Tenant shall be liable and responsible for all actions or inactions on the part of Tenant's contractor while within a or on the Property.

12. SMOKING POLICY

The Building shall be a SMOKE FREE building. At no time shall Tenant's employees smoke inside any interior area of the Property. Tenant's employees shall smoke only in

designated exterior smoking areas. Tenant shall be responsible for policing and picking up all improperly discarded cigarette butts in the designated smoking areas.

13. LANDLORD'S COVENANTS

A. Landlord covenants and agrees to maintain in good repair the roof and the structural integrity of the Building, the common areas internally and externally in and about the Building, all heating, ventilation and air conditioning units and all other equipment located exterior to, but serving the Building and the Leased Premises and all electrical and plumbing systems which do not exclusively serve the Leased Premises, except to the extent Tenant is obligated to maintain any such system pursuant to the terms of this Lease. However, if any damage arises from Tenant or Tenant's employees', agents' or customers' misuse, Tenant shall be solely responsible for repairing such damage and restoring the Building and the Property to the same good working order and condition as on the Commencement Date of this Lease, reasonable wear and tear only excepted. Landlord warrants that at the commencement of this Lease, all plumbing, electrical, mechanical and other systems serving the Leased Premises shall be in good working order. Tenant shall be deemed to have waived any claim for any defect with respect to which Tenant has to notify Landlord within seven (7) days of the commencement of the Lease Term for the particular area leased hereunder in which such system is located or which such system serves, (except for claims related to latent defects which could not be identified by the normal use of such areas or such systems during such period).

Notwithstanding the above, Tenant shall be solely responsible for all maintenance and repairs (including replacement) of any HVAC system exclusively serving Tenant's computer room.

B. Landlord and Tenant shall use all reasonable efforts to resolve any problems or conflicts that may arise between Landlord and Tenant in a timely and common sense fashion.

C. Landlord shall furnish at no charge to Tenant in reasonable amounts the following services and utilities:

Heating
Air Conditioning
Hot Water
Clean Water and Sewage
Off-Street Parking (Sixty Nine (69) spaces 09/08/00-12/31/00)
(Seventy three (73) spaces 01/01/01-01/31/01)
(Seventy Nine (79) spaces 01/01/01-end of lease term)

Landscaping
Common Area Janitorial and related supplies
Tenant Area Janitorial and related supplies
Common area Snow Plowing and Shoveling
Standard Rubbish Services
24-Hour Monitored Security System
On-site security (10/1/-3/31; 4:30-8:30 M-F business days)

Notwithstanding Landlord's obligations set forth in this Section 13, Tenant in a timely manner and as necessary shall keep Tenant's exterior entryway and steps at the rear entrance off the rear parking lot of Tenant's Leased Premises (F-104 & F-104A) reasonably clear and clean of all rubbish, snow and ice.

Tenant has requested and Landlord has agreed to reasonably clear Tenant's private entryway to suites F-l01, F-103, F-104 and F-104A and steps of snow and ice and salt this area in a reasonable fashion. Tenant shall be charged a fee of thirty-five ($35.00) dollars per snow storm as an additional charge for such service.

Landlord shall provide this service at the same time Landlord is providing snow and ice removal services to other tenants and the exterior common areas of the Property. If Tenant deems it necessary, and so notifies Landlord, Landlord shall attempt to accelerate the timing of this service by Landlord's then-current vendor. Until such time, as the entryway and steps are cleared each instance, Tenant shall direct Tenant's employees, visitors and agents to use the main entryway areas of the Building.

Landlord shall shovel on behalf of Tenant, but at Landlord's expense, the access way leading to Tenant's basement storage area. Landlord shall provide this service at the same time Landlord is providing snow and ice removal services to other tenants and the exterior common areas of the Property.

D. Reasonable use

Landlord's providing of services or utilities to Tenant as described above is strictly contingent upon Tenant's reasonable use or consumption of such utilities and services. If Landlord reasonably determines Tenant is wasting such utilities, such as city water or other building services, and Tenant fails to reduce such use after notice by Landlord, then such irresponsible use by Tenant shall constitute a material breach of this Lease which at Landlord's option may result in either an early termination of the Lease Term or an immediate stoppage of Landlord supplying to Tenant such utilities and services.

E. Timing of Utilities

Heat and air conditioning shall be supplied during normal business hours defined herein as

Monday - Friday	8:00 a.m. - 8:00 p.m.
Saturday	None
Sunday	None

"Supplied,"as used herein, shall mean that reasonably comfortable temperatures are maintained during such hours, notwithstanding that HVAC systems may have to be put in operation prior to 8:00 a.m. or operate until or after 8:00 p.m. on such days.

Landlord acknowledges that Tenant shall be using the Leased Premises frequently beyond normal business hours and agrees to arrange for heat, air conditioning, and hot and cold water within Leased Premises during all extended "Tenant" business hours.

If Tenant's business hours exceed 8:00 am. - 8:00 p.m. Monday through Friday or any portion of Saturdays or Sundays on a frequent basis, as determined by Landlord, then Tenant shall reimburse Landlord for the additional costs of providing such services, during such periods.

F. Landlord shall furnish services in accordance with the terms of this Lease; provided, however, that Landlord shall not be liable for, nor shall rent abate because of interruption or cessation of any essential service to the Leased Premises of the Building or agreed in this Lease to be furnished, which is due to an accident, labor difficulties, scarcity of or inability to obtain fuel, electricity, or any services or supplies from the sources from which they may customarily have been obtained, fault of Tenant or any third party, or due to any cause beyond Landlord's control.

G. Upon Tenant paying the rent and performing and observing all the covenants, conditions, duties, and other provisions of this Lease on Tenant's part to be performed and observed, Tenant shall peacefully and quietly have and enjoy the Leased Premises during the Lease Term without any manner of hindrance or molestation from Landlord, subject however, to the terms and conditions of this Lease.

H. Landlord, warrants that within NINETY (90) days of the signing of this Lease by all parties (except for testing and "fine tuning" work, which may be accomplished during the cooling season, as reasonably necessary for effectiveness, provided that all work contemplated under this subsection 13.H shall be completed no later than June 30, 2001), Landlord shall perform at Landlord's sole expense, the following work to the HVAC systems serving the entire Building:

1. Retain the services of Siemens to perform the following:

   a. Recalibrate all EMS sensors within 40 Eastern Avenue.

   b. Recalibrate outside air temperature sensor.

   c. Write and install a software patch creating separate winter and summer programs. Additionally, program the software so it shall allow the computer to switch back and forth based upon outside temperature setting and actual interior space temperature.

2. Set up meeting with Tech Air and Siemens to discuss integrating hardware enhancements into the EMS system. Specifically the installation of the following:

a. Enthalpy (humidity control for 3rd floor) sensor.

b. Installation of float switch sensor with ability to cut out fan coil unit when and if condensate pan level gets to high.

c. Installation of new "outside" dampers throughout the Building.

d. Activation or replacement as necessary of AC units serving the common lobby areas.

3. Discuss 2nd floor problems Tenant has been having with regard to humidity and stuffiness and determine if new software installed in Spring 2000 which is modulating the opening and closing of the dampers (5 minutes in 20 minutes) shall be effective or should be discontinued upon completion of the other actions as outlined in this Section 13.H.

4. Demonstrate to Tenant steps involved to access EMS system and initiate various commands Tenant would control. On or before December 1st 2000, upon Tenant's request, Landlord shall provide on-site a four (4) hour education session for up to three (3) Tenant and two (2) Landlord personnel to learn the following commands:

a. Ability to temporarily override existing temperature settings in a particular area.

b. Ability to view and reset setting point(s) computer uses to switch from summer to winter or from winter to summer.

c. Install software (if presently existing) that would allow "temporary" override from winter setting to summer (or reverse) depending on perceived need. Such software shall have a time out mechanism, which effectively would reset system back to original guidelines before temporary override.

d. Priority on/off commands.

e. Review temperature and command status settings per zone.

f. Review trends for individual area zones.

g. Method to change hours of operations including holidays, weekends etc.

h. Track and review listing of changes with ability to identify who made the changes.

5. Retain the services of Tech Air to perform the following:

a. Set up maintenance contract with Tech Air that provides for the maintenance of the 40 Eastern Avenue HVAC systems within specified 90 day time periods. Work to be performed during these quarterly maintenance inspections are as follows.

* Change filters.
* Check and clean condensate traps as necessary.
* Blow out condensate traps with spring cleaning.
* Review diffusers to see if any closed off and reopen as deemed appropriate.
* Clean condenser coils annually.
* Check and test damper operations.

b. Tech Air shall measure the heat load for area ECU 17 to determine if the existing unit is sufficient to meet the existing heat load of Tenant. If this review determines this unit needs to be enlarged due to this demand, then Landlord and Tenant shall each pay 50% of the cost to expand such system and reconfigure duct work as necessary. Tenant has the right to review such heat load measurements at Tenant's expense.

c. Review problems in the area FCU 18 location. However, due to this zone's location (north side of building) and the fact the EMS sensor was off by 2.00 degrees per Jerry's on-site test, Landlord expects that calibrating the EMS sensor should resolve this area's problems.

d. Tech Air shall measure the heat load for area FCU 22 to determine if the existing unit is sufficient to meet existing heat load of Tenant. If this review determines this unit needs to be enlarged due to this demand, Landlord and Tenant shall each pay 50% of the cost to expand such system and reconfigure duct work as necessary. Tenant has the right to review such heat load measurements at Tenant's expense.

e. Review all three floors' common lobby HVAC equipment to determine steps necessary to reactivate heat and air conditioning systems for these zones.

f. Installation of condensate pans with float switches underneath all ceiling AC units as reasonably possible.

g. Install in AC unit FCU 23 high and low pressure controls on the condensers. All other applicable (south facing) units have existing safety systems.

h. Change all outside air dampers within the Building. Purchase dampers that are spring loaded and automatically close if they fail. With regard to the 3rd level, tie these dampers into the EMS enthalpy system.

i. Test to verify the 3rd floor outside air intake configuration is operating within standard norms with regard to temperature differentials. If not, raise this intake to achieve sufficient performance.

j. Resolve Estelle's office (FCU 23 zone) HVAC needs by installing within such office area a motorized damper tied into a thermostatic control that she shall be able to control and adjust.

k. Rebalance air-flow distribution for FCU zone 26 to minimize cold office and conference room.

l. Open all diffusers within Leased Premises. This shall be the last step/action performed

After the foregoing HVAC improvements have been completed, Tenant shall have the right to engage a consultant periodically, at Tenant's expense, to inspect, survey, and review the functioning of the HVAC systems serving the Leased Premises. In the event that any such consultant recommends reasonable repairs, improvements or upgrades necessary or reasonably advisable to improve the functioning of such HVAC systems, Landlord shall negotiate in good faith with Tenant regarding such improvements and repair and promptly implement such reasonable recommendations as both Landlord and Tenant shall agree shall be made, at Landlord's expense.

I. Landlord at Landlord's expense shall perform the following work items on or before June 30, 2001:

1. Paint the stucco front exterior of Building. Colors and style to be determined solely by Landlord.

2. Install a metal roof on the rear 30 Eastern Avenue smoke shelter.

3. Remove existing retail signs in areas Tenant leases.

4. Ask Health Quarters and Software Solutions Group to take down their exterior signs.

5. Replace existing ceiling files within the first floor elevator lobby area.

6. Install new flooring throughout the rear 40 Eastern Avenue atrium lobby areas (including all stairs and 2nd and 3rd floors) but excluding granite floor in elevator lobby area.

7. Upgrade or replace building directories signs and displays.

8. Repair or replace as necessary HVAC systems serving the common lobby areas.

9. Remove all cigarette dispensers from interior of common lobby areas.

10. Upgrade all existing bathroom Formica counter tops.

11. Paint all paintable surfaces within common area (1st floor) bathrooms.

12. Upgrade all existing lighting fixtures in common area (1st floor) bathrooms.

13. Paint all paintable surfaces within 40 Eastern Avenue lobby areas, including 2nd and 3rd floors.

14. Lightly sand and polyurethane all wooden surfaces within 30 & 40 Eastern Avenue lobby areas.

15. Cosmetically upgrade the interior (walls, ceiling, floors and lighting) of the elevator.

16. Build a new dumpster enclosure.

17. Check all window systems to caulk as necessary to reduce water leaks.

14. CASUALTY OR EMINENT DOMAIN TAKING

If the Leased Premises or Building, or any substantial part (twenty-five percent (25%) or more of either materially affecting Tenant's operations), shall be taken by or under threat of right of eminent domain or shall be materially destroyed or damaged by fire or other casualty or by action of any public or other authority, or shall suffer any material direct or consequential damage for which Landlord and Tenant, or either of them, shall be entitled to compensation by reason of anything done in pursuance of any public or other authority during the term of this Lease or any extension or renewal thereof, then this Lease shall forthwith terminate at the election of Landlord, which election may be made notwithstanding Landlord's entire interest may have been divested; and, if Landlord shall not so elect, then in case such taking, destruction, or damage renders the Leased Premises unfit for use and occupation, a just proportion of the rent according to the nature and extent of injury, shall be abated until the Leased Premises (or, in case of a partial taking, what remains thereof) shall have been put in proper condition for use and occupation. If a partial or total taking renders the remainder of the Leased Premises insufficient for Tenant's use and Tenant shall so certify in good faith to Landlord, or if a taking or such casualty shall be so extensive that restoration or repair cannot reasonably be effected within 90 from the date on which insurance proceeds become available, or if Landlord shall fail to repair or restore the Leased Premises within ninety (90) days following such date on which

insurance proceeds become available or condemnation, then Tenant may terminate this Lease by notifying Landlord of such election. Landlord reserves all rights to damage to the Leased premises and Building and the leasehold hereby created, whether now accrued or hereafter accruing, by reason of anything lawfully done in pursuance of any public or other authority, and by way of confirmation, Tenant grants to Landlord all of Tenant's rights to such damages and covenants to execute and deliver such further instruments of assignments thereof as Landlord may from time to time reasonably request, provided, however, that nothing herein shall impair Tenant's right to maintain an action for a separate award from a third party for damage to the Leased Premises or Tenant's separate property or for moving and relocation expenses. Landlord shall notify Tenant of Landlord's decision to terminate this Lease or to Landlord's obligation to restore the Leased Premises or the Building within thirty (30) days after the occurrence of any event giving rise to Landlord's right so to terminate or to restore, and Tenant shall deliver its above-described certificate to and notify Landlord of Tenant's election to terminate this Lease within thirty (30) days after the event giving rise to its right to so terminate, and any such termination by Tenant shall be effective thirty (30) days after the date of notice of such termination.

15. BROKERAGE

Both Tenant and Landlord warrant that except as set forth in this Section 15 neither party has had any dealings with any agent or broker in connection with the Leased Premises which would result in any brokerage fees or commissions being due and payable by either party. Tenant has retained the services of Meredith and Grew Inc. and shall be solely responsible for its fees.

16. LIMITATIONS OF LANDLORD'S LIABILITY

Landlord's obligations, rights and privileges under this Lease (including, without limitation, any work letter or similar agreement between Landlord and Tenant) beyond mere holding of legal title to the Leased Premises and other real estate of which the Leased Premises are a part, shall be performed, held and enjoyed by the beneficial owners of Landlord; but without recourse by Tenant in any case against the personal estate of such beneficiaries or beyond the real estate of which the Leased Premises are a part.

The covenants and agreements of Landlord and Tenant shall run with the land and be binding on and inure to the benefit of their respective heirs, executors, administrators, successors and assigns; but no covenant, agreement or undertaking of Landlord, expressed or implied, shall bound any person except for matters occurring during such person's period of ownership of the building, and no fiduciary, shareholder, or beneficiary of Landlord, if a trust shall be individually bound. Tenant agrees to look only to the owner of the Building for performance of Landlord's obligations.

17. REMEDIES CUMULATIVE

Any and all rights and remedies which Landlord may have under this Lease, at law or in equity, shall be cumulative and shall not be deemed inconsistent with each other or exclusive,

of any two (2) or more of such rights and remedies may be exercised at the same time insofar as permitted by law.

18. EFFECT OF WAIVERS OF DEFAULT

No consent or waiver, expressed or implied, by Landlord to or of any breach of any covenant, condition or duty of Tenant shall be construed as a consent or waiver to or for any other breach of the same or any other covenant, condition, or duty hereunder.

The parties acknowledge that their covenants under this Lease are independent and therefore Tenant waives any right to set off against Tenants obligations to Landlord any money allegedly due from Landlord to Tenant by reason of any purported default by Landlord hereunder otherwise.

19. NOTICE FROM ONE PARTY TO THE OTHER

Any notice from Landlord to Tenant shall be deemed to have been given if mailed by Registered or Certified Mail addressed to Tenant at the Leased Premises with a copy to Tenant's Counsel: Hutchins, Wheeler and Dittmar, 101 Federal Street, Boston, Massachusetts, 02110, Attention: Thomas J. Philips, Esq., or such other address as Tenant shall have last designated by written notice to Landlord, so mailed. Any notice from Tenant to Landlord shall be deemed to have given if mailed by Registered or Certified Mail addressed to Landlord at Goldberg Properties Management Inc., 10 Rantoul Street, Beverly, Massachusetts, 01915, or such other business as Landlord shall have last designated by written notice to Tenant so mailed.

20. LANDLORD'S REMEDIES UPON DEFAULT

In the event that Tenant fails to pay any rent or other charges due hereunder within ten (10) days after notice from Landlord that the same is due; or fails to perform any of Tenant's obligations under the terms, conditions, or covenants of this Lease for more than thirty (30) days after receipt of written notice of such failure or if such failure shall be of such nature that the same cannot be reasonably cured or remedied within such thirty (30) day period, Tenant shall not in good faith have commenced the curing or remedying of such failure within such thirty (30) day period and thereafter diligently proceed therewith to completion; or if Tenant shall abandon the Leased Premises; or if this Lease or the estate created hereby shall be taken in execution or another process of law; or if Tenant shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy act; or if a receiver or trustee of the property of Tenant shall be appointed by reason of Tenant's insolvency and inability to pay debts; or if any assignment shall be made of Tenant's property for its benefit of the creditors, (all of the foregoing being events of default), then and in any such event, Landlord, besides other rights or remedies it may have, shall have the immediate right to re-enter the Leased Premises and to remove all persons and property therefrom without notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.

If Tenant shall fail to pay rent or any other charges within ten (10) days after same becomes due and payable, such unpaid amounts shall bear interest from the due date at four percent (4.00%) above the prime interest rate of the CitiBank or its successor. In no event shall the interest rate payable by Tenant exceed eighteen percent (18%).

21. RULES AND REGULATIONS

Landlord may establish at any time rules and regulations which Landlord may reasonably deem appropriate for, among other things, the orderly and efficient management and operation of the Building, the safety and convenience of all persons at any time properly within or about the Building, the protection and security of property, and for dealing with any emergencies. Tenant agrees always to comply with such rules and regulations notwithstanding any failure of other [ILLEGIBLE] or occupants of the Building to observe the same or Landlord's failure to enforce the [ILLEGIBLE] against any persons other than Tenant. Landlord agrees to enforce its rules and regulations with respect to other tenants.

22. SUBORDINATION

This Lease shall, at the option of Landlord, be subject and subordinate to any mortgages against, present or future, to any bank, financial institution, or insurance company, [ILLEGIBLE] the Leased Premises.

Such subordination shall not be effective against Tenant, unless Tenant is provided with a non-disturbance agreement executed by the party to which Tenant's interest shall be subordinated. Tenant's tenancy shall not be disturbed so long as Tenant is not in default under the Lease. Landlord shall, within reasonable time after the execution of this Lease, provide Tenant with such non-disturbance agreement from Landlord's mortgagee. Tenant agrees that it shall upon notice by Landlord, execute, acknowledge and deliver within ten (10) business days of such request therefor any and all instruments requested by Landlord which Landlord may reasonably require in order to effect the issuance of such subordination.

Any future subordination, non-disturbance and attornment agreement shall be substantially similar to documents already in place or current CitiBank standard agreements.

23. NO ACCORD AND SATISFACTION

No acceptance by Landlord of a sum smaller than the Base Rent, additional rent, or any amount due to Landlord shall be deemed accepted other than on account of the earliest installment of such amount as then may be due and payable by Tenant nor shall any such payment of a smaller amount than due be deemed an accord and satisfaction under the terms of the Lease.

24. APPLICABLE LAW AND CONSTRUCTION

This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. If any provision of this Lease shall to any extent be invalid,

remainder of this Lease shall not be affected thereby. There are no oral or other written agreements between Landlord and Tenant affecting this Lease. This Lease may be amended by an instrument in writing executed by both Landlord and Tenant.

25. SEVERABILITY

If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, such determination shall not affect any other provision of this Lease, and all other provisions shall remain in full force and effect. If any provision of this Lease is capable of two [ILLEGIBLE] constructions, one of which would render the provision void and the other of which would render the provision valid, the provision shall have the meaning which renders it valid.

26. ESTOPPEL CERTIFICATIONS

Promptly at Landlord's reasonable request, Tenant shall furnish to Landlord (or as Landlord may direct) Tenant's written and duly signed certification that this Lease is in full force and effect without amendment (or with such changes as may then be effective, which shall be [ILLEGIBLE] in the certificate); any defense, offset, or counterclaim against rent-payment or other obligations hereunder which Tenant may have; the dates to which rent and other charges have been paid, and that neither Landlord nor Tenant is in default under this Lease (or specifying any default either party in detail in the certificate). Any prospective purchaser or mortgagee may rely on such certification.

Promptly at Tenants reasonable request, Landlord shall furnish to Tenant (or as Tenant may direct) Landlord's written and duly signed certification that this Lease is in full force and [ILLEGIBLE] without amendment (or with such changes as may then be effective, which shall be stated in the certificate); any defense, offset, counterclaim or other obligations hereunder which [ILLEGIBLE] may have; the dates to which rent and other charges have been paid; and that neither Landlord nor Tenant is in default under this Lease (or specifying any default of either party in [ILLEGIBLE in the certificate). Any prospective purchaser or mortgagee may rely on such certifications.

27. WAIVER OF SUBROGATION

The parties hereto shall procure an appropriate clause in, or endorsement on, any fire or [ILLEGIBLE] coverage insurance policy covering the Leased Premises or the Building or personal property, or fixtures or equipment located thereon or herein, pursuant to which the insurance company providing such insurance waives subrogation or consent to a waiver of right of recovery, and having obtained such clauses or endorsements of waiver of subrogation or consent [ILLEGIBLE] waiver of right of recovery, each party hereby agrees that it shall not make any claim against [ILLEGIBLE] to recover from the other for any loss or damage to its property or the property of others resulting from fire or other perils covered by such fire and extended coverage insurance. Notwithstanding the foregoing provisions of this ss.27, the party obtaining and paying the premium such insurance shall not be required to obtain such endorsement or waiver if an additional premium cost is incurred therefor, unless the other party hereto, for whose benefit or endorsement or waiver is obtained, pays such additional premium cost.

IN WITNESS WHEREOF, the parties hereby accept and agree to abide by the terms, conditions and covenants of this Lease Agreement under seal this 31 day of October, 2000.

TENANT:

TVCM, INC.

10-31-00 By: /s/ Bruce A. Cerullo
- ----------

Bruce A. Cerullo,
Hereunto Duly Authorized

LANDLORD:

10-31-00 By: /s/ Steven J. Goldberg, Trustee
- ----------

Steven J. Goldberg, Trustee, for the
Goldberg Brothers Trust

10-31-00 By: /s/ William H. Goldberg, Trustee
- ----------

William H. Goldberg, Trustee, for the
Goldberg Brothers Trust

10-31-00 By: /s/ Richard B. Goldberg, Trustee
- ----------

Richard B. Goldberg, Trustee, for the
Goldberg Brothers Trust

10-31-00 By: /s/ Robert L. Goldberg, Trustee
- ----------

Robert L. Goldberg, Trustee, for the
Goldberg Brothers Trust

Exhibit 10.6

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222 BUILDING

STANDARD OFFICE LEASE

FOR

CEJKA & COMPANY

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222 BUILDING

STANDARD OFFICE LEASE

TABLE OF CONTENTS

222 BUILDING
STANDARD OFFICE LEASE

ARTICLE 1
PARTIES AND REFERENCE DATA

As used in this Lease, the Following terms shall have the following meanings:

1.1 Landlord: Clayton Investors Associates LLC, a Delaware limited liability company, having as its address for notice purposes 50 South Bemiston Avenue, Suite 100, Clayton, Missouri 63105, Attn: J. John Reis.

1.2 Tenant: Cejka & Company, a Delaware Corporation, having as its address for notice purposes 222 South Central Avenue, Suite 400, Clayton, MO 63105, Attn.: Karen Robbins.

1.3 Date of this Lease: October 1, 1998

1.4 Date of Final Space Plan: October 1, 1998
Landlord's Plan Submittal Date: October 1, 1998
Tenant's Plan Approval Date: October 1, 1998

1.5 Lease Commencement Date: December 1, 1998
Rent Commencement Date: December 1, 1998
Lease Expiration Date: November 30, 2003

1.6 Term: Five (5) years

1.7 Building: The office building in the City of Clayton, County of St. Louis, known and numbered as the 222 Building, 222 South Central Avenue, Clayton, Missouri 63105, including all facilities and improvements thereon.

1.8 Premises: The Premises shall be located on floors 3, 4 & 7 and shall be known as Suites 400, 700 & 704 being the same Premises now occupied by Tenant herein and Suite 300 located in the Building as depicted in Exhibits A and B of this Lease and as improved in accordance with the provisions of Exhibit C of this Lease. Simultaneously with the commencement of this Lease is the termination of the Lease dated February 6, 1986 by and between Cejka & Company and Clayton investors Associates, LLC for Office Suites 400, 700 & 704 at 222 South Central Avenue.

1.9 Permitted Use: The Premises shall be used and occupied by Tenant for general office use and for no other purpose whatsoever provided, however, that Tenant shall not use or occupy the Premises for any unlawful business use or purpose.

1.10 Annual Base Rent and Monthly Base Rent Installment:

From 12/01/1998 - 09/30/1999; Annually $371,076.00; Monthly $30,923.00.

From 10/01/1999 - 11/30/1999: Annually $410,736.00; Monthly $34,228.00.

From 12/01/1999 - 11/30/2000; Annually $413,664.00; Monthly $34,472.00.

From 12/01/2000 - 11/30/2001; Annually $416,604.00; Monthly $34,717.00.

From 12/01/2001 - 06/30/2002; Annually $419,544.00; Monthly $34,962.00.

From 07/01/2002 -- 11/30/2002; Annually $478,344.00; Monthly $39,862.00.

From 12/01/2002-- 11/30/2003; Annually $481,272.00; Monthly $40,106.00.

1.11 Public Liability Insurance Required: $1,000,000.00.

1.12 Security Deposit: $6,378.00 (held under previous lease).

1.13 Expense Stop Amount: The Expense Stop Amount shall be based upon the Expenses, as defined in Section 4.2 of the Lease, of the Building for the 1998 (01/01/98 - 12/31/98) calendar year for Suite 300 only. The 1993 calendar year (01/01/93--12/31/93) shall apply for Suites 400 and 700 only. The 1996 calendar year (01/01/96 -- 12/31/96) shall apply for Suite 704 only.

1.14 Brokers: Insignia Commercial Group, Inc.
Party responsible for payment: Landlord.

1.15 Addendum: None

1.16 Exhibits: The following Exhibits attached to this Lease are incorporated herein by this reference:

Exhibit A. Floor Plan
Exhibit B. Tenant Finish Floor Plan
Exhibit C. Work to be Performed on the Premises
Exhibit D. Certificate of Occupancy
Exhibit E. Lion Waivers

ARTICLE 2

DEMISING CLAUSE

Landlord, for and in consideration of the rents, covenants and agreements hereinafter mentioned and hereby agreed to be paid, kept and performed by Tenant, does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Premises on the terms and conditions contained herein.

ARTICLE 3
TERM AND POSSESSION

3.1 Term. The Term shall commence on the Lease Commencement Date and shall continue for the Term, unless earlier terminated as provided for herein.

3.2 Possession. If the Premises are not available or ready for occupancy on the Lease Commencement Date, and such unavailability or unreadiness is not occasioned or caused by Tenant (such as Tenant's failure to promptly approve plans, make material or color selections, make improvements to the Premises which are to be made by Tenant or make other decisions which are necessary to prepare the Premises for occupancy), then the Lease Commencement Date shall be the first day after the Premises is available and ready for occupancy, and the Lease Expiration Date shall be adjusted accordingly. Subject to the availability of the Premises and with the prior approval of Landlord, Tenant shall have the right prior to the Lease Commencement Date to enter upon the Premises at reasonable times for the purpose of preparing the Premises for its intended use. The Premises shall be deemed ready for occupancy if only insubstantial details of construction, decoration or mechanical adjustments remain to be done. The determination of Landlord's tenant finish representative for the Building shall be final as to whether the Premises are ready for occupancy. Tenant's taking possession of any portion of the Premises shall be conclusive evidence that such portion of the Premises was in good order and satisfactory condition when Tenant took possession, except as to damage caused by Tenant or Tenant's agents. On the date on which Tenant takes possession of the Premises, the parties shall execute a Certificate of Occupancy in the form attached hereto as Exhibit D confirming the Lease and Rent Commencement Dates and setting forth any incomplete items (if any), but failure to execute such document shall not in any manner affect the obligations of the parties hereunder. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or the Building, or with respect to the suitability of either for the conduct of Tenant's business. If by mutual consent of Landlord and Tenant, Tenant takes possession of the Premises prior to the Lease Commencement Date, then during such pre-term period, Tenant shall pay rent as herein established on a prorata basis and such occupancy shall be under all of the terms and conditions of this Lease, but such pre-term occupancy shall not affect this Lease as herein otherwise established.

3.3 Common Areas. Tenant shall have the nonexclusive right to use, in common with other tenants in the Building and subject to the building rules, the common areas in the Building.

ARTICLE 4
RENT AND OTHER CHARGES

4.1 Rent. Commencing on the Rent Commencement Date, Tenant shall pay to Landlord the Annual Base Rent, payable in the Monthly Base Rent Installment specified in Article 1.10 to Landlord at the location designated in Article 1.1 or at the place designated from time to time by Landlord in advance and without demand on the first day of each and every month throughout the Term of this Lease. The Rent for any partial month shall be prorated on the basis of thirty (30) days to the month and shall be paid on the first day of such partial period. In addition, Tenant shall pay to Landlord all charges for any services, goods, or materials furnished by Landlord at Tenant's request, which are not required to be furnished by Landlord under this Lease, within thirty (30) days after Landlord renders a statement therefore to Tenant. All sums hereunder are payable without deduction, abatement or setoff of any nature whatsoever. All past due obligations of Tenant shall bear interest at the rate of 1 .833% per month or, if such rate be unlawful, at the highest lawful rate.

4.2 Operating Cost Reimbursement. The Annual Base Rent shall be adjusted from time to time in accordance with this section to reflect increases in the expense of operating the Building ("Operating Costs"). The Annual Base Rent, including the adjustments made pursuant to this section, is referred to in this Lease as the "Rent". Landlord, during the last month of the Building's fiscal year or as soon thereafter as practical, shall give Tenant written notice of Landlord's estimate of increases in Operating Costs for the ensuing fiscal year as compared to the Expense Stop Amount. As used herein ("Tenant's Prorata Share") shall be the ratio of the Premises to the total leasable area of the Building. On or before the first day of each and every month during the ensuing fiscal year, Tenant shall pay to Landlord 1/12th of Tenant's Prorata Share of each estimated amount. if at any time(s) it appears to Landlord that the actual costs for the current fiscal year will vary from Landlord's estimate by more than ten percent (10%), Landlord may, by written notice to Tenant, revise Landlord's estimate for such year and revise the 1/12th billing accordingly.

As soon as practical after the end of each fiscal year where estimated increases in Operating Costs are required by this Lease to be paid, Landlord shall send to Tenant a statement of the actual amount of the preceding fiscal year's increase (if any) over the Expense Stop Amount. If the estimated amount exceeded the actual amount paid by Tenant, such excess amount shall be credited to Tenant within thirty (30) days from the date of the statement. If the estimated amount was less than the actual amount owed to Landlord, then Tenant shall pay to Landlord such difference within thirty (30) days from the date of the statement. If at the end of the Building's fiscal year less than twelve (12) months remain on this Lease, the final estimated increase being paid by Tenant in the final lease year shall prevail to the end of this Lease.

Operating Costs shall include all costs of administration, operation, repairs, maintenance, utilities, insurance and taxes, but shall not include federal or state income taxes, tenant alterations, leasing commissions, interest expense, debt service, capital items, or depreciation. If the Building is not fully leased or if Landlord is not providing standard building services to all tenants during any calendar year, actual Expenses shall be adjusted to reflect a fully serviced and leased Building for the purpose of making the adjustment to Annual Base Rent. In order to avoid distortion and inequity, the following items shall be considered operating expenses and amortized over the life of the items: (i) capital items made after the commencement of this Lease that produce a reduction in energy consumption or Operating Costs; (ii) capital items caused by governmental requirements imposed after the commencement of this Lease.

4.3 Inspection. Tenant may inspect the books of the Building with respect only to the Operating Costs of the Building at the office of the property manager for the Building during normal business hours, provided such inspection is requested within thirty (30) days from the statement date. Such inspection, however, shall not extend the due date for payment. Unless Tenant asserts specific error(s) within forty-five (45) days of statement date, the statement shall be deemed to be correct. In the event of any dispute under this paragraph, the determination of the independent certified public accountant then servicing Landlord's books relating to the Building shall be binding on all parties.

ARTICLE 5
SECURITY DEPOSIT

Simultaneous, with the execution of this Lease, Tenant shall deposit with Landlord the Security Deposit as specified in Article 1.12 to be held to guarantee the faithful performance by Tenant of all of Tenant's obligations under this Lease. Any interest earned thereon shall be the property of Landlord. Upon the occurrence of any event of default by Tenant, Landlord may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to cure such default, the remaining balance to be returned by Landlord to Tenant after termination of this Lease. Such Security Deposit shall not be considered an advance payment of Rent or a measure of Landlord's damage in case of default.

ARTICLE 6
SERVICES BY LANDLORD

Landlord covenants and agrees:

a. to furnish heat and air conditioning to provide a seasonable temperature (subject to governmental regulations) for normal occupancy and use of the Premises (defined as a density not to exceed one [1] person per 175 usable square feet in the Premises) under normal business operations daily from 8:00 A.M. to 6:00 P.M., Saturdays from 8:00 A.M. to 1:00 P.M., Sundays and legal holidays excepted ("Normal Business Hours");

b. to provide elevator service during normal business hours and to have at least one (1) elevator subject to call at all other times;

c. to provide water for lavatory and drinking purposes in places designated by Landlord;

d. To provide maintenance services to keep the public areas of the Building in good order and to cause the Premises to be cleaned by sweeping floors, dusting the surfaces of normal office furniture, and emptying wastebaskets on each business day, and to cause the floors of the public areas and the Premises to be waxed or vacuumed and the windows to be cleaned at reasonable intervals;

e. To furnish the labor necessary to relamp all fluorescent light fixtures installed by Landlord in the Premises;

f. To provide electrical service at those points of connection provided and installed by Landlord and in the manner and to the extent deemed by Landlord to be standard. Tenant shall report to Landlord any material deficiency in the services provided by Landlord or Landlord's Agents. Normal electrical consumption on the Premises is as follows: electricity consumed by Tenant for normal use of fluorescent lighting and small office machines aggregating not more than four (4) watts per square foot per hour for normal business hours. Tenant will not be allowed to exceed any of the amounts of electricity in the Premises as herein referenced without Landlord's prior written approval. If Tenant receives Landlord's written approval, Tenant is responsible for all expenses associated with such excess electrical consumption. Landlord reserves the right to install submeters or to conduct an electric consumption audit to determine electrical consumption on the Premises at the expense of Landlord. If desired by Tenant, a master meter may be installed at Tenant's expense. Landlord shall have access to such metering devices at all reasonable times and shall prepare a separate monthly statement of the excess utilities used by such equipment based on the utility rates established from time to time by the public utility furnishing such service. Tenant shall pay the amounts shown on such statements to Landlord within thirty (30) days of receipt;

Tenant acknowledges that any one or more such services may be suspended by reason of accident, repair, alterations or improvements necessary to be made, strikes, lookouts, governmental restrictions, regulations or controls or causes beyond the reasonable control of Landlord. No interruption, change or malfunction of any of the services to be furnished by Landlord hereunder shall constitute an eviction or disturbance of Tenant's use and possession of the Premises or the Building or a breach by Landlord of any of Landlord's obligations hereunder or render Landlord liable for damages or entitle Tenant to be relieved from any of Tenant's obligations hereunder or grant Tenant any right of setoff or recoupment. Landlord will, however, use reasonable diligence to

restore any such interrupted service except where such event is required or recommended by governmental authority.

ARTICLE 7
REPAIR AND MAINTENANCE

Landlord will, at Landlord's own cost and expense, except as may be provided elsewhere herein, make the necessary repairs of damage to the Building's corridors, lobby, structural members and equipment used to provide services furnished by Landlord hereunder, unless any such damage is caused by acts or omissions of Tenant, Tenant's agents, or employees, in which event Tenant will bear the cost of such repairs. Tenant will not injure the Premises or the Building, but will maintain the Premises in a clean, attractive condition and in good repair, except as to damage to be repaired by Landlord as provided above and except for the cleaning services to be rendered by Landlord as provided in Article 6.

ARTICLE 8
TENANT IMPROVEMENTS

Tenant shall not, without the prior written consent of Landlord, make any alterations, improvements or additions to the Premises (hereinafter referred to as a "Change"). If Landlord consents to a Change it may impose such conditions with respect thereto as Landlord deems appropriate, including without limitation, requiring Tenant to furnish Landlord security for the payment of all costs to be incurred in connection with the Change, insurance against liabilities which may arise out of such work and the plans and specifications together with all necessary permits for such Change. The work necessary to make the Change shall be done at Tenant's expense by employees or contractors hired by Landlord except to the extent that Landlord may agree otherwise, and shall be performed in such manner and at such times as Landlord shall direct to minimize disturbance to other tenants. Tenant shall promptly pay, when due, the cost of all such work and of all decorating required by reason thereof. Tenant shall also pay to Landlord a percentage of the cost of such work (such percentage to be established on a uniform basis for the Building) sufficient to reimburse Landlord for all expenses arising from Landlord's involvement with such work. Upon completion of such work, Tenant shall deliver to Landlord, if payment is made directly to contractors, evidence of payment, contractors affidavits and full and final waivers of all liens for labor, services or materials (in the form attached hereto as Exhibit E). Tenant shall indemnify, defend and hold harmless Landlord and the Building from all costs, damages and liens and expenses related to such work. In connection with such work Tenant shall never be deemed an agent of Landlord. All work done by Tenant or Tenant's contractors shall be done in a first class workmanlike manner using only good grades of materials and shall comply with all union and insurance requirements and all Conditions. Any Change shall (without compensation to Tenant) become Landlords property at the termination of the Term, and shall, unless Landlord requests otherwise, be relinquished to Landlord in good condition, ordinary wear excepted.

ARTICLE 9
SURRENDER UPON TERMINATION

9.1 Surrender. At the expiration of this Lease, Tenant shall surrender the Premises broom cleaned and in as good condition as it was at the beginning of the Term, reasonable use and wear and tear excepted. Tenant shall also surrender to Landlord all keys to the Premises and the Building. Prior to the expiration of this Lease, Tenant shall remove all personal property. If Tenant fails to remove personal property or falls to leave the Premises in the condition described above, Landlord may remove such personal property and restore the Premises and charge Tenant for such removal and restoration.

9.2 Holding Over. If Tenant without the consent of Landlord retains possession of the Premises or any part thereof after termination of the Term, Tenant shall pay to Landlord Rent at a rate equal to two hundred percent (200%) of the Rent payable for the month immediately preceding the commencement of said holding over computed on a per month basis for each month or part thereof (without reduction for any partial month) that Tenant remains in possession, and in addition thereto, Tenant shall pay Landlord all direct and consequential damages sustained by reason of Tenant's retention of possession. Such retention of possession shall constitute a month to month lease terminable in accordance with law.

ARTICLE 10
TENANT'S DEFAULT

If Tenant defaults in the payment of Rent, or any other monetary obligation hereunder, for more than five (5) business days after written notice of such default by Landlord, or if Tenant defaults in the performance of any other covenant, agreement, condition, rule or regulation herein contained or provided for, or hereafter established for more than twenty (20) days after written notice of such default by Landlord, then (in addition to and as an alternative to all other legal remedies) Landlord shall have the right either to (i) terminate this Lease and Tenant's right to possession of the Premises, or to (ii) terminate only Tenant's right to possession of the Premises; and in either such event, Landlord shall have the right to re-enter and/or repossess the Premises, and dispose and remove therefrom Tenant, or other occupants thereof, and their effects, and alter the locks and other security devises at the Premises, all without being liable for any prosecution or damages therefore, in either event Landlord shall be entitled to recover from Tenant, in addition to the Rent, all expenses incurred In connection with such default, including repossession costs, legal expenses and attorney's fees (whether or not suit is filed), and all expenses incurred in connection with efforts to relet the Premises, including cleaning, altering, advertising and brokerage commissions; and all such expenses shall be reimbursed by Tenant as additional Rent, whether or not such default is subsequently cured, if Landlord elects to terminate only Tenant's right to possession, then Landlord may, at Landlord's option, accelerate the entire amount then remaining unpaid under this Lease and recover

same forthwith from Tenant, together with all other charges recoverable hereunder, and thereafter Landlord shall pay over to Tenant the net proceeds of any total or partial reletting. If Landlord terminates only Tenant's right to possession, then Landlord may relet the Premises for the account of Tenant (either in the name of the Landlord or Tenant). *10.1

*10.1

ARTICLE 11
RIGHT OF ENTRY

Landlord and Landlord's representatives may enter the Premises at any reasonable time for the purpose of inspecting the Premises, performing Landlord's obligations under this Lease, performing any work which Landlord elects to undertake for the safety, preservation, benefit or welfare of the Building or other tenants thereof, performing any work which Landlord elects to undertake made necessary by reason of Tenant's default, or exhibiting the Building or Premises for sale, lease or financing during the last year of the Term of this Lease.

ARTICLE 12
FIRE AND OTHER CASUALTY

If at any time during the Term of this Lease, the Premises or any portions of the Building shall be damaged or destroyed by fire or other casualty so as to render the Building unquestionably untenantable for 120 days or render the Premises unquestionably untentantable for 120 days or twenty percent (20%) of the unexpired term, whichever is less, then either party may elect, within thirty (30) days from the date of casualty, to terminate this Lease on the tenth (10th) day after such election. Any dispute hereunder shall be determined by an independent architect selected by Landlord.

In any of the aforesaid circumstances, Rent shall abate proportionately during the period and to the extent that the Premises is unfit for use by Tenant in the ordinary conduct of Tenant's business. If this Lease is not terminated by reason of such casualty, then Landlord shall repair and restore the Building and Premises at Landlord's expense, with all reasonable speed and promptness, subject to delays arising from shortage of labor or material, acts of god, war or other conditions beyond Landlord's reasonable control; provided, however, that Landlord shall not be required to restore any alterations, additions or improvements made by or for Tenant which would not belong to Landlord upon the expiration of this Lease.

ARTICLE 13
INSURANCE AND WAIVER OF RECOVERY

13.1 Insurance. Tenant shall at all times during the Term maintain in full force and effect with respect to the Premises public liability insurance having the limits set forth in Article 1.11 hereof, all risk property insurance upon all property owned or used by Tenant in the Premises in an amount not less than ninety percent (90%) of the full replacement cost thereof, workers' compensation and employer's liability insurance in form and amount required by law, and such other coverage as may be reasonably required by Landlord or any mortgagee of the Building, each in the standard form generally of use in the State of Missouri in a company satisfactory to Landlord. The amount of such insurance coverage shall be subject to increase upon the reasonable request of Landlord. Such insurance shall be subject to modification or cancellation only upon ten (10) days' notice to each certificate holder. Tenant, at or prior to the Lease Commencement Date, and thereafter not less than thirty (30) days prior to the expiration of any such policy, shall furnish Landlord with a certificate of insurance in such coverage, such certificate to be in a form acceptable to Landlord and any mortgagee of the Building and, at the request of Landlord, to name Landlord and any such mortgagee as an additional insured as their interests may appear (or in the case of a mortgagee, by means of a standard mortgagee endorsement).

13.2 Waiver of Recovery. Notwithstanding anything herein to the contrary, Landlord and Tenant and all parties claiming under them hereby mutually release and discharge the other from all claims and liabilities arising from or caused by any hazard covered by insurance on the Building or Premises, or covered by insurance in connection with property on or activities conducted at the Building or Premises, regardless of the cause of the damage or loss. This release shall apply only to the extent that such loss or damage is covered by insurance and only so long as the applicable insurance policies contain a clause to the effect that this release shall not effect the right of the insured to recover under such policies.

ARTICLE 14
CONDEMNATION

If all of the Premises is taken by condemnation, this Lease shall terminate on the date when the Premises shall be so taken, and Rent shall be apportioned as of that date. If part of the Building or Premises is taken by condemnation and the Building or Premises is thereby rendered not reasonably suitable for the continued conduct of Landlord's or Tenant's business, taking into consideration the nature, size and scope of such business immediately prior to the taking, then either party may elect by giving written notice to the other, to terminate this Lease. In the event of such termination, all charges and Rent shall be apportioned as of the date of taking. If the taking involves a part of the Premises and if neither party elects to terminate this Lease, then with respect to the part not taken the Rent shall be reduced by the value that the condemned part bears to the total value of this Premises, in which event Landlord shall restore the Promises to an architecturally complete unit. No part of any award shall belong to Tenant, except for amounts awarded directly to Tenant by the condemning authority.

ARTICLE 15
ASSIGNMENT AND SUBLETTING

Tenant shall not assign, mortgage or encumber this Lease, nor Sublet or permit the Premises or any part thereof to be used by others, without the prior written consent of Landlord in each instance, and any attempt to do any of the foregoing without Landlord's consent shall be void. Landlord, however, shall not unreasonably withhold the consent to an assignee or subtenant provided the assignee's or subtenant's occupancy and use of the space, in the reasonable judgment of Landlord, is similar to that of other tenants in the Building and is not detrimental to the Building or any other tenants of the Building. In no event shall this Lease be assigned or the Premises sublet for a rent less than Landlord's schedule of rents for comparable space in the Building at the time. Tenant's request for Landlord's consent to an assignee or subtenant shall be in writing and accompanied by: (i) a true copy of the documents of assignment or subletting, and (ii) information respecting the responsibility, reputation, financial condition and business of the proposed assignee or subtenant. *15.1 Notwithstanding any consent by Landlord to an assignment or subtenancy, Tenant shall remain jointly and severally liable (along with each approved assignee or subtenant who shall automatically become liable for obligations of Tenant hereunder), and Landlord shall be permitted to enforce the provisions of this instrument directly against the undersigned Tenant and/or assignee or subtenant without proceeding in any way against any other person. In any case where Landlord consents to any such assignment, sublease or other transaction, Landlord may require that Tenant pay Landlord a reasonable sum for attorney's fees arising incident to such transaction. In no event shall any assignee or subtenant have any right to make alterations in the Premises without the prior written consent of Tenant and Landlord. If Tenant is permitted to sublease or assign at a Base Rent in excess of that provided for herein, such excess shall be paid by Tenant to Landlord as received.

*15.1

ARTICLE 16
LIABILITY

Notwithstanding any other provision hereof to the contrary, Landlord or Landlord's agents shall not be liable for any damage to property entrusted to employees or agents of Landlord, nor for loss of or damage to any property by theft or otherwise, nor for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes, appliances or plumbing works therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever. *16.1 Landlord or Landlord's agents shall not be liable for interference with the light or other incorporeal hereditaments, nor shall Landlord be liable for any latent defect in the Premises or in the Building. Tenant shall give prompt notice to Landlord in case of fire or accidents In the Premises or in the Building or of defects therein or in the fixtures or building equipment.

*16.1

ARTICLE 17
RESTRICTIONS ON USE

Tenant shall not smoke nor allow, permit or suffer any noise or odor to escape from the Premises in a manner which will disturb other occupants of the Building, or occupy the Premises in such manner to disturb the peaceful and quiet occupancy of the other tenants of the Building or constitute a public or private nuisance, or keep open any exterior or corridor door thereto, or permit any portion of the Premises visible from the exterior thereof to become unsightly or in disrepair, or to bring into the Building any hazardous material, or permit any unsafe or hazardous condition to exist in the Premises.

No sign, fixture, advertisement or notice shall be displayed, inscribed, painted or affixed by Tenant on any part of the inside or outside of the Building without the prior written consent of Landlord. Tenant shall not install any draperies, shades or blinds visible from the exterior of the Building, unless the color, materials, shape, style and size have the prior approval of Landlord. Tenant shall not install or permit the installation of vending machines or other special equipment in the Premises without prior written consent of Landlord. Movement in and out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of any merchandise or materials, shall be done only during the hours designated by Landlord and by means of elevator and exit designated by Landlord. Tenant shall cooperate with Landlord in securing the Building during non-normal business hours.

ARTICLE 18
SUBSTITUTE PREMISES

If, during the Term, Landlord requires the Premises for use in conjunction with another suite or for other reasons connected with the Building planning program, upon notifying Tenant in writing, Landlord shall have the right to move Tenant to a substitute premises in the Building, at Landlord's sole cost and expense, and the terms and conditions of this Lease shall remain in full force and effect, save and excepting that a revised Exhibit A and B shall become part of this Lease and shall reflect the location of the new space and Article 1 of this Lease shall be amended to include all correct data as to the new space. Landlord shall give Tenant at least sixty (60) days notice of Landlord's intention to relocate the Premises. Tenant shall have thirty (30) days from the date of Landlord's notice to accept or reject the substitute premises. If Tenant refuses to accept the substitute premises or fails to reply to Landlord's notice within the time stated, this Lease shall terminate upon Tenant vacating the Premises or upon three (3) months from the date of Landlord's notice to Tenant, whichever occurs first.

ARTICLE 19
GENERAL PROVISIONS

19.1. Notices: Any notice under this Lease shall be in writing and shall be deemed to be duly given only when mailed by certified mail, addressed to Landlord at the address at which it receives rent or addressed to Tenant at the Premises.

19.2. Successors And Assigns: The covenants, conditions and agreements contained in this Lease shall run with the land and be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and such assigns and subtenants as may be permitted hereunder, provided however, that upon the transfer of Landlord's interest hereunder the transfer shall have no liability for causes of action or defaults accruing thereafter.

19.3. Whole Contract: This Lease, together with all the Exhibits referenced in Article 1 and Addendum, if any, constitutes the sole and entire contract between the parties relative to the Premises, and shall be binding upon the parties hereto and their respective heirs, personal representatives, executors, successors and permitted assigns, as the case may be. No representations as to the Premises have been made by Landlord to Tenant either directly or indirectly prior to or at the execution of this Lease that are not herein expressed.

19.4 Applicable Law and Partial Invalidity: This Lease shall be governed by and enforced in accordance with the laws of the State of Missouri. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision.

19.5 Amendment: This Lease may not be altered, amended, modified, or extended except by written instrument signed by Landlord and Tenant.

19.6 Waiver: The waiver by Landlord of any breach of any term, condition or covenant of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other term, condition or covenant of this Lease. No failure by Landlord to take action against Tenant on account of any failure by Tenant to perform any of Tenant's obligations under this Lease shall be deemed to be a waiver by Landlord, except only where Landlord has provided to Tenant a written waiver, signed by Landlord.

19.7 Brokerage: Each of the parties hereto warrants to the other that, except as set forth in Article 1 hereof, such party has not obligated the other party for any finders', brokers' or other agents' commission, fees or other remuneration in connection with this Lease; and Tenant shall indemnify and hold Landlord harmless from and against any and all claims for such fees alleged to have been incurred by Tenant.

19.8 Estoppel: Within ten (10) days after request by Landlord or any mortgagee of Landlord or any proposed purchaser of the Building, Tenant shall deliver to Landlord or any proposed mortgagee or purchaser of the Building, a Lease Estoppel Certificate in the Building standard form, certifying, if such be the case, that this Lease is in full force and effect, and unmodified (or stating any modifications), that Tenant is in possession of the Premises, that Tenant has commenced the payment of Rent required under this Lease, that there are no defenses or offsets to this Lease claimed by Tenant as of the date of such Lease Estoppel certificate, that to the best of Tenant's knowledge, Landlord is not in default hereunder, the dates to which any Rent or other charge has been paid in advance, and such other information as may be requested.

19.9. Subordination: The Lease is hereby made subject, junior and subordinate to the Mortgage or Deed of Trust and to all renewals, modifications, consolidations, replacements and extensions of the Mortgage or Deed of Trust so that all rights of the Tenant under the Lease shall be subject, junior and subordinate to the rights of the Mortgagee or beneficiary of a Deed of Trust and to all renewals, modifications, consolidations, replacements and extensions of the Mortgage or Deed of Trust as fully as if such Instruments had been executed, delivered and recorded prior to the Lease, all on the conditions and subject to the other provisions of this Agreement.

19.10 Attornment: Tenant agrees to recognize the Mortgagee lender or holder under the Mortgage or beneficiary of a Deed of Trust or any purchaser at a foreclosure sale involving the Mortgage or Deed of Trust as its landlord under the Lease without the necessity of any other or further attornment than in this paragraph contained (and this paragraph shall be considered an attornment).
*19.10.1 Tenant hereby waives any and all rights to termination of the Lease by reason of the foreclosure of the Mortgage or Deed of Trust, and if any court holds the Lease to be terminated by reason of a foreclosure of the Mortgage or Deed of Trust, this Agreement shall be deemed to be a new lease between the purchaser at such foreclosure, as landlord, and Tenant, as tenant, for the balance of the term of the Lease for the same demised premises at the same rental therein provided and upon the identical terms and conditions as therein provided. Also in the event of any such holding, at the written request of Tenant or the purchaser at the foreclosure, Tenant and such purchaser at foreclosure shall execute and deliver to each other a new lease for the balance of the term of the Lease for the same demised premises at the same rental therein provided and upon the same terms and conditions as therein provided.
*19.10.2

*19.10.1

/s/ [Initialed]

*19.10.2

/s/ [Initialed]

19.11. Authority: Tenant, in the event that it is a Corporation, hereby covenants and warrants that (a) it is duly authorized to do business in the State of Missouri; (b) the person executing this lease on behalf of Tenant is an officer of Tenant duly authorized by Tenant to sign and execute this Lease on Tenant's behalf; and (c) this Lease is a valid and binding obligation of Tenant, enforceable in accordance with the Lease's terms.

19.12. Non-Binding Unless Signed: Submission of the form of this Lease for examination shall not bind Landlord in any manner, and no lease or other obligation of Landlord shall arise until this instrument is signed by both Landlord and Tenant, approved by the holder of any mortgage, deed of trust or other financial encumbrance on the Building having such approval rights, and delivery is made to each party.

19.13. Rights: No rights to any view or to light or air over any property, whether belonging to Landlord or any other person are granted to Tenant by this Lease.

19.14. Requirements of Lender: If a lender requires as a condition to lender's lending funds, the repayment of which is to be secured by a financial encumbrance on the Building, that certain modifications be made to this Lease, which modifications will not require Tenant to pay any additional amounts or otherwise materially change the rights or obligations of Tenant hereunder, Tenant shall, upon Landlord's reasonable request, execute appropriate instruments effecting such modifications.

19.15. Confidentiality: The terms and conditions of this Lease are confidential and may not be disclosed by Tenant or Tenant's Representatives to any third parties without the prior written consent of Landlord.

19.16. Landlord's Default: In the event of any default on the part of Landlord, Tenant shall give notice by certified mail to any holder of a financial encumbrance covering the Building, whose address shall have been furnished to the Tenant, and shall offer such holder a reasonable opportunity to cure the default, including time to obtain possession of the Building by power of sale or a judicial foreclosure, if such should prove necessarily to effect a cure.

19.17. Landlord's Rights: Landlord shall, from time to time, have the right to change the name of the Building and to make, establish and promulgate reasonable rules and regulations for the Building, and the occupants and tenants thereof, and Tenant shall observe, keep and comply with such rules and regulations. In no event shall Landlord be liable to Tenant for consequential or incidental damages arising out of or relating to this Lease.

19.18. Property Taxes: Tenant shall be liable for and shall pay before delinquency, taxes levied against any personal property or trade fixtures placed by Tenant in the Premises.

19.19 Headings: The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

19.20 Interpretation Of Words. All words which refer to Landlord and Tenant shall be considered to be of the gender and number required, and if Tenant be more than one person, the provisions hereof shall apply to them jointly and severally.

19.21. Time Of The Essence: Time is of the essence with respect to the performance and observance of all of the terms, covenants and conditions hereof by Tenant.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Landlord:	Tenant:
Clayton Investors Associates LLC	Cejka & Company
By: Insignia/ESG, Inc. a Delaware corporation Its: Agent	
By: /s/ James Gray	By: /s/ Karla Mount
Title: Vice President	Chief Financial Officer
	Title

EXHIBIT A
FLOOR PLAN

[FLOOR PLAN OMITTED]

EXHIBIT B
TENANT FINISH FLOOR PLAN

[FLOOR PLAN OMITTED]

EXHIBIT C
WORK TO BE PERFORMED ON THE PREMISES

A. Construction. Based on the space plan dated October 1, 1998, approved by both Landlord and Tenant and included herein as Exhibit B, Landlord shall construct the improvements to the Premises. Tenant shall be responsible for payment of $13,737.00 as its share of the cost of said improvements due 50% ($6,868.50) on December 1, 1998 and 50% ($6,868.50) on January 1, 1999.

In the event that Tenant requests any modifications to the Approved Construction Documents ("Change Orders"), Tenant, upon written approval from the Landlord of the Change Order, will pay Landlord the total amount of such costs within ten (10) days of Landlord's approval of the Change Order.

EXHIBIT D
CERTIFICATE OF OCCUPANCY

TENANT: CEJKA & COMPANY

LANDLORD: CLAYTON INVESTORS ASSOCIATES LLC

BUILDING: 222 BUILDING

PREMISES: SUITES 300, 400 & 700

DATE OF ORIGINAL LEASE EXECUTION: _____

This Certificate of Occupancy is executed by Tenant and Landlord pursuant to the provisions of the Lease referenced above, and shall be attached thereto and become a part thereof for all purposes.

1. Tenant hereby acknowledges that it has inspected the Premises and finds same to be substantially complete, in a tenantable condition and now suitable for Tenant's intended use.

2. Tenant and Landlord hereby agree that all work to be done to the Premises is acceptable and that the only work remaining to be done to the Premises, all of which is of a minor nature, is as follows:
_____
Such work is the responsibility of _____ (insert Tenant or Landlord, as the case may be) to complete and said party hereby agrees to promptly undertake the completion of same. Tenant hereby agrees that such work may be completed after it has taken occupancy of the Premises and the term of the Lease has commenced; and further, that Tenant shall not be entitled to any abatement of Tenant's Rent or other compensation as a result thereof.

3. Tenant and Landlord hereby agree, pursuant to Section 3.2 of the Lease, that the actual Commencement Date of the term of the Lease shall be _____ and that the Rent, as provided for in the Lease, shall commence as of such date, and further, that the Lease will terminate at Midnight (local time) on _____, if not otherwise terminated pursuant to the provisions of the Lease.

Executed this _____ day of _____, 19 _____.

TENANT:

CEJKA & COMPANY

By: _____

Title: _____

Date: _____

LANDLORD:

CLAYTON INVESTORS ASSOCIATES LLC

By: Insignia/ESG, Inc.
a Delaware corporation
Its: Agent

By: /s/ James Gray

Title: Vice President

Date: 11-12-98

EXHIBIT E
FORM 1
CONTRACTOR'S LIEN WAIVER

STATE OF MISSOURI)
) SS. WAIVER OF ACKNOWLEDGMENT
CITY OF ST. LOUIS)

WHEREAS, _____ ("Contractor") has/have been employed by _____, as Tenant of the Premises described below, to perform construction as a general contractor upon the following described premises, to-wit:

("the Premises"), the specific terms and conditions of such employment being governed by that certain Agreement dated the _____ day of _____, 19__, and

WHEREAS, Clayton Investors Associates LLC (Landlord") is Landlord of the Premises.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, Contractor does hereby waive any right it may have to file any and all mechanic's liens, claim of lien or right of lien against Landlord or Landlord's interest in the Premises, provided by the statutes of the State of Missouri, upon the above described Premises or any portion thereof. Further, Contractor hereby acknowledges that Landlord has not contracted for or agreed to pay for the work or materials called for in the contract described above. Contractor agrees to look solely to Tenant or Tenant's interest in the Premises to satisfy any mechanic's lien, right, claim or causes of action which Contractor may have against Tenant arising out of the above referenced contract. Contractor shall obtain a similar waiver and acknowledgment from all subcontractors and suppliers.

EXECUTED this ___ day of _____,19___.

CONTRACTOR:

_____

By: _____

Subscribed and sworn to before me this _____ day of _____, 19___.

My commission expires: _____

_____ Notary Public

EXHIBIT E
FORM 2
PARTIAL WAIVER OF LIEN

(Subcontractor or Material Supplier)

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

WHEREAS, _____ ("Contractor") has/have been employed by _____, as Tenant of the Premises described below, to perform construction as a general contractor upon the following described premises, to-wit:

("the Premises"), the specific terms and conditions of such employment being governed by that certain Agreement dated the ___ day of _____, 19__, and

WHEREAS, under authority of the above mentioned Agreement, _____ has/have employed as a subcontractor material supplier, to perform labor, to furnish materials or to do both upon the Premises or some portion thereof, the specific terms and conditions of such employment being governed by that certain Agreement dated the _____ day of _____, 19__, and

WHEREAS, Clayton Investors Associates LLC ("Landlord") is Landlord of the Premises.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, subcontractor or material supplier does hereby waive any right it may have to file any and all mechanic's liens, claim of lien or rights of lien against Landlord or Landlord's interest in the Premises, provided by the statutes of the State of Missouri, upon the above described Premises or any portion thereof. Further, subcontractor or material supplier hereby acknowledges that Landlord has not contracted for or agreed to pay for the work or materials called for in the contract described above. Subcontractor or material supplier agrees to look solely to Tenant to satisfy any lien, right, claim or cause of action which subcontractor or material supplier may have against Tenant arising out of the above referenced contract.

EXECUTED this __ day of _____, 19___.

SUBCONTRACTOR OR
MATERIAL SUPPLIER:

_____

By: _____

Addendum To
THE 222 BUILDING STANDARD OFFICE LEASE
Dated: October 1, 1998
By And Between
CLAYTON INVESTORS ASSOCIATES LLC (LANDLORD)
And
CEJKA & COMPANY (TENANT)

This Addendum amends and supplements the Lease and shall govern in the event of any inconsistency between the Lease and the Addendum. The terms defined in the Lease shall have the same meaning in the Addendum.

ARTICLE 10
TENANT'S DEFAULT

*10.1 Delete the language after the asterisk 10.1 (Page 4)

ARTICLE 15
ASSIGNMENT AND SUBLETTING

*15.1 Delete the language after the asterisk 15.1 (Page 6)

ARTICLE 16
LIABILITY

*16.1 Add the following language after the asterisk 16.1 (Page 6):

except for Landlord or Landlord's agent's gross negligence or willful misconduct.

ARTICLE 19
GENERAL PROVISIONS

*19.10.1 Add the following language after the asterisk 19.10.1 (Page 7):

Notwithstanding the foregoing, Landlord shall provide the Tenant a commercially reasonable non-disturbance executed by mortgage lender or other holder of a mortgage.

*19.10.2 Add the following language after the asterisk 19.10.2 (Page 7):

The provisions of this paragraph shall include the right of Tenant to a commercially reasonable non-disturbance agreement upon Tenant's request from any of the foregoing.

Exhibit 10.7

CROSS COUNTRY STAFFING, INC.

1999 STOCK OPTION PLAN

TABLE OF CONTENTS

CROSS COUNTRY STAFFING, INC.

1999 STOCK OPTION PLAN

ARTICLE I

PURPOSE

The purpose of this Cross Country Staffing, Inc. 1999 Stock Option Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer employees of and Consultants to the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of stock ownership by employees and Consultants in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company's stockholders.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Affiliate" means each of the following: (i) any Subsidiary; (ii) any Parent; (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (iv) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee.

2.2 "Award" means any award under this Plan of a Stock Option.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means, with respect to a Participant's Termination: (i) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but

it does not define "cause" (or words of like import)), termination due to a Participant's insubordination, dishonesty, fraud, incompetence, moral turpitude, misconduct, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of his or her duties for the Company or an Affiliate as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement that conditions "cause" on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter. Notwithstanding the foregoing, a Participant shall be deemed to be terminated for "cause" if the Participant: (i) breaches the terms of any agreement between the Company and the Participant including, without limitation, an employment agreement or non-competition agreement or (ii) discloses to anyone outside the Company or its Affiliates, or uses in other than the Company's or its Affiliate's business, without written authorization from the Company, any confidential information or proprietary information, relating to the business of the Company or its Affiliates, acquired by the Participant prior to the Participant's Termination.

2.5 "CEP" means Charterhouse Equity Partners III, L.P., and its successors.

2.6 "Change in Control" has the meaning set forth in Article VIII.

2.7 "Code" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision.

2.8 "Committee" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of 2 or more non-employee directors; provided, however, that if and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

2.9 "Common Stock" means the Class A common stock, $.01 par value per share, of the Company.

2.10 "Company" means Cross Country Staffing, Inc., a Delaware corporation, and its successors.

2.11 "Consultant" means any advisor or consultant to the Company or its Affiliates.

2.12 "Disability" means a disability which would qualify as such under the Company's long-term disability plan. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

2.13 "Effective Date" means the effective date of this Plan as defined in Article XIII.

2.14 "Eligible Employee" means each employee of the Company or an Affiliate.

2.15 "Exchange Act" means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.16 "Fair Market Value" means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code or any regulations issued thereunder, as of any date, the price for Common Stock, as determined in good faith by the Committee and, prior to the initial public offering of the Common Stock of the Company, as agreed to by CEP and MSDWCP.

2.17 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.18 "MSDWCP" means a representative of Morgan Stanley Dean Witter Capital Partners IV, L.P. and its affiliated funds, and their respective successors.

2.19 "Non-Qualified Stock Option" means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.20 "Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.21 "Participant" means any Eligible Employee or Consultant to whom a Stock Option has been awarded under this Plan.

2.22 "Plan" means this Cross Country Staffing, Inc. 1999 Stock Option Plan, as amended from time to time.

2.23 "Retirement" means a Termination without Cause by a Participant at or after age 65 or such earlier date after age 50 as may be approved by the Committee with regard to such Participant.

2.24 "Securities Act" means the Securities Act of 1933, as amended. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.25 "Stock Option" or "Option" means any option to purchase shares of Common Stock granted to Eligible Employees or Consultants under Article VI.

2.26 "Subsidiary" means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.27 "Substitute Options" means Stock Options issued in assumption of or substitution for stock options issued by a company acquired by the Company or with which the Company combines.

2.28 "Ten Percent Stockholder" means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.29 "Termination" means a Termination of Consultancy or Termination of Employment, as the case may be.

2.30 "Termination of Consultancy" means (i) that the Consultant is no longer acting as a consultant to the Company or an Affiliate; or (ii) when an entity which is retaining a Participant as a Consultant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, a Consultant to the Company or another Affiliate. In the event that a Consultant becomes an Eligible Employee upon the termination of his consultancy, the Committee, in its sole and absolute discretion, may determine that no Termination of Consultancy shall be deemed to occur until such time as such Consultant is no longer a Consultant or an Eligible Employee. The Committee may otherwise define Termination of Consultancy in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Consultancy thereafter.

2.31 "Termination of Employment" means: (i) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate. In the event that an Eligible Employee becomes a Consultant upon the termination of his employment, the Committee, in its sole and absolute discretion, may determine that no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee or a Consultant. The Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.32 "Transfer" means anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer and "Transferred" has a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 THE COMMITTEE. The Plan shall be administered and interpreted by the Committee.

3.2 GRANTS OF AWARDS. The Committee shall have full authority to grant Stock Options to Eligible Employees and Consultants pursuant to the terms of this Plan. All Stock Options shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant. In particular, the Committee shall have the authority:

(a) to select from among those persons recommended by the President of the Company the Eligible Employees and Consultants to whom Stock Options may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options are to be granted hereunder to one or more Eligible Employees or Consultants after receipt of a recommendation by the President of the Company;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3(d);

(f) to determine whether, to what extent and under what circumstances to provide loans to Eligible Employees and Consultants in order to exercise Stock Options under this Plan;

(g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option;

(h) to determine whether to require an Eligible Employee or Consultant, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of an Option for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Option or Award; and

(i) to modify, extend or renew an Award, subject to Article IX herein, provided, however, that if an Award is modified, extended or renewed and thereby deemed to be the issuance of a new Award under the Code or the applicable accounting rules, the exercise price of a Stock Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal.

3.3 GUIDELINES. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such foreign jurisdictions.

3.4 DECISIONS FINAL. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 PROCEDURES. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the

Committee members in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 DESIGNATION OF CONSULTANTS/LIABILITY.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Stock Option granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1 SHARES.

The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted shall not exceed 209,302 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2) which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both. If any Stock Option granted under this Plan other than a Substitute Option expires, terminates or is forfeited for any reason other than by reason of its exercise, the number of shares of Common Stock underlying such unexercised or forfeited Stock Option shall again be available for the purposes of Awards under this Plan.

In the event Substitute Options are granted pursuant to Section 5.4, the Committee may increase the aggregate number of shares of Common Stock available under the Plan for Non-Qualified Stock Options by the number of shares of Common Stock subject to such Substitute Options. The maximum number of shares of Common Stock which may be issued under this Plan with respect to Incentive Stock Options shall not be increased (subject to any increase or decrease pursuant to Section 4.2).

4.2 CHANGES.

(a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, or (vi) any other corporate act or proceeding.

(b) In the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, merger, consolidation, spin-off, reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, then

the Committee may take such action, if any, with respect to the Plan and outstanding Stock Options, as it may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, including, without limitation, adjustment of the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option granted under this Plan and the purchase price thereof. Any such action or adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class of the Company, any subdivision or consolidation of shares of stock of any class of the Company, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class of the Company, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Option has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

4.3 MINIMUM PURCHASE PRICE. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 NON-QUALIFIED STOCK OPTIONS. All Eligible Employees and Consultants and prospective employees of and Consultants to the Company and its Affiliates are eligible to be granted Non-Qualified Stock Options. Eligibility for the grant of a Non-Qualified Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 INCENTIVE STOCK OPTIONS. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under

this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.3 GENERAL REQUIREMENT. The vesting and exercise of Options granted to a prospective employee or Consultant are conditioned upon such individual actually becoming an Eligible Employee or Consultant.

5.4 SUBSTITUTE OPTIONS. Substitute Options may be granted by the Committee in its sole discretion to holders of stock options issued by a company acquired by the Company or with which the Company combines.

ARTICLE VI

STOCK OPTIONS

6.1 STOCK OPTIONS. Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (ii) a Non-Qualified Stock Option.

6.2 GRANTS. Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non- Qualified Stock Options or both types of Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. The Committee shall have the authority to grant any Consultant one or more Non-Qualified Stock Options. Notwithstanding any other provision of this Plan to the contrary or any provision in an agreement evidencing the grant of a Stock Option to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.

6.3 TERMS OF STOCK OPTIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) EXERCISE PRICE. The exercise price per share of Common Stock shall be determined by the Committee, but, except in the case of Substitute Options, shall not be less than 100% of the Fair Market Value of the Common Stock at the time of grant; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price shall be no less than 110% of the Fair Market Value of the Common Stock.

(b) STOCK OPTION TERM. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.

(c) EXERCISABILITY. Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Any decision by the Committee to waive such limitations must be first approved by each of CEP and MSDWCP.

(d) METHOD OF EXERCISE. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Stock Options may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, through a "cashless exercise" procedure whereby the Participant delivers irrevocable instructions to a broker approved by the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) INCENTIVE STOCK OPTION LIMITATIONS. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible

Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(f) FORM, MODIFICATION, EXTENSION AND RENEWAL OF STOCK OPTIONS. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised).

(g) DEFERRED DELIVERY OF COMMON SHARES. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee.

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT/CONSULTANCY

7.1 NON-TRANSFERABILITY. No Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. No Stock Option shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Stock Option shall be void, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person.

7.2 TERMINATION OF EMPLOYMENT AND TERMINATION OF CONSULTANCY. The following rules apply with regard to the Termination of a Participant. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

(a) TERMINATION BY REASON OF DEATH, DISABILITY OR RETIREMENT. If a Participant's Termination is by reason of death, Disability or Retirement, all Stock Options held by such Participant which are exercisable at the time of the Participant's Termination may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options; provided, however, that, in the case of Retirement, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(b) INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination is by involuntary termination without Cause, all Stock Options held by such Participant which are exercisable at the time of such Termination, may be exercised by the Participant at any time within a period of 90 days from the date of such Termination, but in no event beyond the expiration of the stated term of such Stock Options.

(c) VOLUNTARY TERMINATION. If a Participant's Termination is voluntary (other than a voluntary termination described in Section 7.2(d)(ii) below), all Stock Options held by such Participant which are exercisable at the time of such Termination, may be exercised by the Participant at any time within a period of 30 days from the date of such Termination, but in no event beyond the expiration of the stated terms of such Stock Options.

(d) TERMINATION FOR CAUSE. If a Participant's Termination (i) is for Cause or (ii) is a voluntary termination (as provided in subsection (c) above) at any time after an event which would be grounds for a Termination for Cause, all Stock Options held by such Participant shall thereupon terminate and expire as of the date of such Termination.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

8.1 BENEFITS. In the event of a Change in Control of the Company, except as otherwise provided by the Committee upon the grant of a Stock Option, the Participant shall be entitled to the following benefits:

(a) Except to the extent provided in the applicable Stock Option agreement, the Participant's employment agreement with the Company or an Affiliate, as approved by

the Committee, or other written agreement approved by the Committee (as such agreement may be amended from time to time), Stock Options granted and not previously exercisable shall become exercisable upon a Change in Control, subject to subsection 8.1(b).

(b) Notwithstanding anything to the contrary herein, unless the Committee provides otherwise at the time a Stock Option is granted hereunder or thereafter, no acceleration of exercisability shall occur with respect to such Stock Options if the Committee reasonably determines in good faith, that the Stock Options shall be honored or assumed, or new rights substituted therefor (each such honored, assumed or substituted stock option hereinafter called an "Alternative Option"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Option must meet the following criteria:

(i) the Alternative Option must provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Stock Option, including, but not limited to, an identical or better exercise schedule; and

(ii) the Alternative Option must substantially comply and in the case of an Incentive Stock Option, must comply with the requirements of Treasury Regulation ss. 1.425-1 (and any amendments thereto), except that the Alternative Option need not be an Incentive Stock Option.

(c) If the Company and the other party to a transaction constituting a Change in Control agree that such transaction shall be treated as a "pooling of interests" for financial reporting purposes, and if the transaction is in fact so treated, then the acceleration of exercisability, vesting or lapse of the applicable Restriction Period shall not occur to the extent that the Company's independent public accountants determine in good faith that such acceleration would preclude "pooling of interests" accounting.

8.2 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred:

(a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than CEP, MSDWCP, the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of 2 consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company or a Subsidiary with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 35% of the combined voting power of the voting securities of the Company or such surviving entity or such surviving entity's parent outstanding immediately after such merger or consolidation; or

(d) upon the approval by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

8.3 INITIAL PUBLIC OFFERING NOT A CHANGE IN CONTROL. For purposes of the Plan, an initial public offering of the Common Stock of the Company shall not be deemed to be a Change in Control.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to

Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant. In no event may this Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under this Plan, decrease the minimum exercise price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

COMPANY CALL RIGHTS

10.1 COMPANY CALL RIGHTS. (a) In the event of Termination for Cause, the Company may repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option granted under this Plan at a repurchase price equal to the lesser of (i) the original purchase price or exercise price (as applicable), if any, or (ii) Fair Market Value as of the date of termination.

(b) In the event of a Termination for any reason other than for Cause (including termination due to Retirement, death, Disability, involuntary termination without Cause or resignation), the Company may at any time within 270 days after the date of such Termination: (i) repurchase from the Participant each outstanding vested Stock Option based on the greater of (A) the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of termination and (B) $.01 and (ii) repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option. In addition, the Company may at any time within 270 days after a Participant acquires shares of Common Stock upon the exercise of a Stock Option after the date of the event of Termination for any reason other than Cause, repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option.

10.2 EFFECT OF IPO. Notwithstanding the foregoing, the Company shall cease to have rights pursuant to this Article X following an initial public offering of the Common Stock of the Company.

ARTICLE XI

UNFUNDED PLAN

11.1 UNFUNDED STATUS OF PLAN. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 LEGEND. The Committee may require each person receiving shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12.2 OTHER PLANS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

12.3 NO RIGHT TO EMPLOYMENT/CONSULTANCY. Neither this Plan nor the grant of any Award hereunder shall give any Participant or other employee or Consultant any right with respect to continuance of employment or consultancy by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any

Affiliate by which an employee is employed or a Consultant is retained to terminate his employment or consultancy at any time.

12.4 WITHHOLDING OF TAXES. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 LISTING AND OTHER CONDITIONS.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Option, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available

during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.6 STOCKHOLDERS AGREEMENT. As a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver a stockholder's agreement or such other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase, a right of first refusal of the Company with respect to shares, the right of the Company to purchase Common Stock in accordance with this Plan and such other terms as the Board or Committee shall from time to time establish. Such stockholder's agreement shall apply to all Common Stock acquired under the Plan.

12.7 GOVERNING LAW. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

12.8 CONSTRUCTION. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

12.9 OTHER BENEFITS. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

12.10 COSTS. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

12.11 NO RIGHT TO SAME BENEFITS. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.

12.12 DEATH/DISABILITY. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

12.13 SUCCESSORS AND ASSIGNS. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

12.14 SEVERABILITY OF PROVISIONS. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

12.15 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

13.1 The Plan shall become effective upon adoption by the Board, subject to the approval of this Plan by the stockholders of the Company in accordance with the requirements of the laws of the State of Delaware, or such later date as provided in the adopting resolution.

ARTICLE XIV

TERM OF PLAN

14.1 No Stock Option shall be granted pursuant to this Plan on or after the tenth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, but Stock Options granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Options shall, extend beyond that date.

Exhibit 10.8

CROSS COUNTRY STAFFING, INC.

EQUITY PARTICIPATION PLAN

TABLE OF CONTENTS

CROSS COUNTRY STAFFING, INC.

EQUITY PARTICIPATION PLAN

ARTICLE I

PURPOSE

The purpose of this Cross Country Staffing, Inc. Equity Participation Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer key management employees of the Company and its Affiliates stock-based incentives in the Company, thereby creating a means to raise the level of stock ownership by key management employees in order to attract, retain and reward such employees and strengthen the mutuality of interests between such employees and the Company's stockholders.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the following terms shall have the following meanings:

2.1 "Affiliate" means each of the following: (i) any Subsidiary; (ii) any Parent; (iii) any corporation, trade or business (including, without limitation, a partnership or limited liability company) which is directly or indirectly controlled 50% or more (whether by ownership of stock, assets or an equivalent ownership interest or voting interest) by the Company or one of its Affiliates; and (iv) any other entity in which the Company or any of its Affiliates has a material equity interest and which is designated as an "Affiliate" by resolution of the Committee.

2.2 "Award" means any award under this Plan of a Stock Option.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means, with respect to a Participant's Termination of Employment: (i) in the case where there is no employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the

Company or an Affiliate and the Participant at the time of the grant of the Award (or where there is such an agreement but it does not define "cause" (or words of like import)), termination due to a Participant's insubordination, dishonesty, fraud, incompetence, moral turpitude, misconduct, refusal to perform his or her duties or responsibilities for any reason other than illness or incapacity or materially unsatisfactory performance of his or her duties for the Company or an Affiliate as determined by the Committee in its sole discretion; or (ii) in the case where there is an employment agreement, consulting agreement, change in control agreement or similar agreement in effect between the Company or an Affiliate and the Participant at the time of the grant of the Award that defines "cause" (or words of like import), "cause" as defined under such agreement; provided, however, that with regard to any agreement that conditions "cause" on occurrence of a change in control, such definition of "cause" shall not apply until a change in control actually takes place and then only with regard to a termination thereafter.

2.5 "CEP" means Charterhouse Equity Partners III, L.P., and its successors.

2.6 "Change in Control" has the meaning set forth in Article VIII.

2.7 "Code" means the Internal Revenue Code of 1986, as amended. Any reference to any section of the Code shall also be a reference to any successor provision.

2.8 "Committee" means a committee or subcommittee of the Board appointed from time to time by the Board, which committee or subcommittee shall consist of 2 or more non-employee directors; provided, however, that if and to the extent that no Committee exists which has the authority to administer this Plan, the functions of the Committee shall be exercised by the Board and all references herein to the Committee shall be deemed to be references to the Board.

2.9 "Common Stock" means the Class A common stock, $.01 par value per share, of the Company.

2.10 "Company" means Cross Country Staffing, Inc., a Delaware corporation, and its successors.

2.11 "Consultant" means any advisor or consultant to the Company or its Affiliates.

2.12 "Detrimental Activity" means (i) the disclosure to anyone outside the Company or its Affiliates, or the use in other than the Company's or its Affiliate's business, without written authorization from the Company, of any confidential information or proprietary information, relating to the business of the Company or its Affiliates, acquired by a Participant prior to the Participant's Termination of

Employment; (ii) activity while employed that results, or if known could result, in the Participant's Termination of Employment that is classified by the Company as a termination for Cause; (iii) any attempt, directly or indirectly, to solicit, induce or hire (or the identification for solicitation, inducement or hire) any non-clerical employee of the Company or its Affiliates to be employed by, or to perform services for, the Participant or any person or entity with which the Participant is associated (including, but not limited to, due to the Participant's employment by, consultancy for, equity interest in, or creditor relationship with such person or entity) or any person or entity from which the Participant receives direct or indirect compensation or fees as a result of such solicitation, inducement or hire (or the identification for solicitation, inducement or hire) without, in all cases, written authorization from the Company; (iv) any attempt, directly or indirectly, to solicit in a competitive manner any current customer of the Company or its Affiliates without, in all cases, written authorization from the Company; (v) the Participant's Disparagement, or inducement of others to do so, of the Company or its Affiliates or their past and present officers, directors, employees or products; (vi) without written authorization from the Company, the rendering of services for any organization, or engaging, directly or indirectly, in any business, which is competitive with the Company or its Affiliates, or which organization or business, or the rendering of services to such organization or business, is otherwise prejudicial to or in conflict with the interests of the Company or its Affiliates, provided, however, that competitive activities shall only be those competitive with any business unit or Affiliate of the Company with regard to which the Participant performed services at any time within the 2 years prior to the Participant's Termination of Employment; (vii) the Participant's breach of the terms of any agreement between the Company and the Participant including, without limitation, an employment agreement or non-competition agreement; or (viii) except as otherwise provided in the applicable Stock Option agreement, any other conduct or act determined by the Committee, in its sole discretion, to be injurious, detrimental or prejudicial to any interest of the Company or its Affiliates. For purposes of subparagraphs (i), (iii), (iv) and (vi) above, the Chief Executive Officer and the General Counsel of the Company shall each have authority, subject to the prior approval of the Board, to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

2.13 "Disability" means a disability which would qualify as such under the Company's long-term disability plan. A Disability shall only be deemed to occur at the time of the determination by the Committee of the Disability.

2.14 "Disparagement" means (unless modified in the applicable Stock Option agreement) making comments or statements to the press, the Company's or its Affiliates' employees or any individual or entity with whom the Company or its Affiliates has a business relationship which would adversely affect in any manner: (i) the conduct of the business of the Company or its Affiliates (including, without

limitation, any products or business plans or business prospects), or (ii) the business reputation of the Company or its Affiliates, or any of their products, or their past or present officers, directors or employees.

2.15 "Effective Date" means the effective date of this Plan as defined in Article XIII.

2.16 "Eligible Employee" means each key management employee of the Company or an Affiliate.

2.17 "Exchange Act" means the Securities Exchange Act of 1934, as amended. Any references to any section of the Exchange Act shall also be a reference to any successor provision.

2.18 "Fair Market Value" means, for purposes of this Plan, unless otherwise required by any applicable provision of the Code, any regulations issued thereunder or as provided in the applicable Stock Option agreement, as of any date, the price for Common Stock consistently applied on such date, as determined in good faith by the Committee and, prior to the initial public offering of the Common Stock of the Company, as agreed to by CEP and MSDWCP.

2.19 "Family Member" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employee's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than 50% of the voting interests.

2.20 "Incentive Stock Option" means any Stock Option awarded to an Eligible Employee under this Plan intended to be and designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.

2.21 "MSDWCP" means a representative of Morgan Stanley Dean Witter Capital Partners IV, L.P. and its affiliated funds, and their respective successors.

2.22 "Non-Qualified Stock Option" means any Stock Option awarded under this Plan that is not an Incentive Stock Option.

2.23 "Parent" means any parent corporation of the Company within the meaning of Section 424(e) of the Code.

2.24 "Participant" means any Eligible Employee to whom a Stock Option has been awarded under this Plan.

2.25 "Plan" means this Cross Country Staffing, Inc. Equity Participation Plan, as amended from time to time.

2.26 "Retirement" means a Termination of Employment without Cause by a Participant at or after age 65 or such earlier date after age 50 as may be approved by the Committee with regard to such Participant.

2.27 "Securities Act" means the Securities Act of 1933, as amended. Any reference to any section of the Securities Act shall also be a reference to any successor provision.

2.28 "Stock Option" or "Option" means any option to purchase shares of Common Stock granted to Eligible Employees under Article VI.

2.29 "Subsidiary" means any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code.

2.30 "Ten Percent Stockholder" means a person owning stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, its Subsidiaries or its Parent.

2.31 "Termination of Employment" means: (i) a termination of employment (for reasons other than a military or personal leave of absence granted by the Company) of a Participant from the Company and its Affiliates; or (ii) when an entity which is employing a Participant ceases to be an Affiliate, unless the Participant otherwise is, or thereupon becomes, employed by the Company or another Affiliate. In the event that an Eligible Employee becomes a Consultant upon the termination of his employment, the Committee, in its sole and absolute discretion, may determine that no Termination of Employment shall be deemed to occur until such time as such Eligible Employee is no longer an Eligible Employee or a Consultant. The Committee may otherwise define Termination of Employment in the Award agreement or, if no rights of a Participant are reduced, may otherwise define Termination of Employment thereafter.

2.32 "Transfer" means anticipate, alienate, attach, sell, assign, pledge, encumber, charge, hypothecate or otherwise transfer and "Transferred" has a correlative meaning.

ARTICLE III

ADMINISTRATION

3.1 THE COMMITTEE. The Plan shall be administered and interpreted by the Committee.

3.2 GRANTS OF AWARDS. The Committee shall have full authority to grant Stock Options to Eligible Employees pursuant to the terms of this Plan. All Stock Options shall be granted by, confirmed by, and subject to the terms of, a written agreement executed by the Company and the Participant. In particular, the Committee shall have the authority:

(a) to select from among those persons recommended by the President of the Company the Eligible Employees to whom Stock Options may from time to time be granted hereunder;

(b) to determine whether and to what extent Stock Options are to be granted hereunder to one or more Eligible Employees after receipt of a recommendation by the President of the Company;

(c) to determine, in accordance with the terms of this Plan, the number of shares of Common Stock to be covered by each Stock Option granted hereunder;

(d) to determine the terms and conditions, not inconsistent with the terms of this Plan, of any Stock Option granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof and any forfeiture restrictions or waiver thereof, regarding any Stock Option and the shares of Common Stock relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion);

(e) to determine whether and under what circumstances a Stock Option may be settled in cash, Common Stock and/or restricted stock under Section 6.3(d);

(f) to determine whether, to what extent and under what circumstances to provide loans to Eligible Employees in order to exercise Stock Options under this Plan;

(g) to determine whether a Stock Option is an Incentive Stock Option or Non-Qualified Stock Option; provided, however, that a Stock Option shall be, to the extent practicable, designated as an Incentive Stock Option;

(h) to determine whether to require an Eligible Employee, as a condition of the granting of any Stock Option, not to sell or otherwise dispose of shares of Common Stock acquired pursuant to the exercise of an Option for a

period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Option or Award; and

(i) to modify, extend or renew an Award, subject to Article IX herein, provided, however, that if an Award is modified, extended or renewed and thereby deemed to be the issuance of a new Award under the Code or the applicable accounting rules, the exercise price of a Stock Option may continue to be the original exercise price even if less than the Fair Market Value of the Common Stock at the time of such modification, extension or renewal.

3.3 GUIDELINES. Subject to Article IX hereof, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing this Plan and perform all acts, including the delegation of its administrative responsibilities, as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of this Plan and any Stock Option issued under this Plan (and any agreements relating thereto); and to otherwise supervise the administration of this Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in this Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of this Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, foreign jurisdictions to comply with applicable tax and securities laws and may impose any limitations and restrictions that it deems necessary to comply with the applicable tax and securities laws of such foreign jurisdictions.

3.4 DECISIONS FINAL. Any decision, interpretation or other action made or taken in good faith by or at the direction of the Company, the Board or the Committee (or any of its members) arising out of or in connection with this Plan shall be within the absolute discretion of all and each of them, as the case may be, and shall be final, binding and conclusive on the Company and all employees and Participants and their respective heirs, executors, administrators, successors and assigns.

3.5 PROCEDURES. If the Committee is appointed, the Board shall designate one of the members of the Committee as chairman and the Committee shall hold meetings, subject to the By-Laws of the Company, at such times and places as it shall deem advisable, including, without limitation, by telephone conference or by written consent to the extent permitted by applicable law. A majority of the Committee members shall constitute a quorum. All determinations of the Committee shall be made by a majority of its members. Any decision or determination reduced to writing and signed by all the Committee members in accordance with the By-Laws of the Company, shall be fully as effective as if it had been made by a vote at a meeting duly called and held. The Committee shall keep minutes of its meetings and shall make such rules and regulations for the conduct of its business as it shall deem advisable.

3.6 DESIGNATION OF CONSULTANTS/LIABILITY.

(a) The Committee may designate employees of the Company and professional advisors to assist the Committee in the administration of this Plan and may grant authority to officers to execute agreements or other documents on behalf of the Committee.

(b) The Committee may employ such legal counsel, consultants and agents as it may deem desirable for the administration of this Plan and may rely upon any opinion received from any such counsel or consultant and any computation received from any such consultant or agent. Expenses incurred by the Committee or Board in the engagement of any such counsel, consultant or agent shall be paid by the Company. The Committee, its members and any person designated pursuant to paragraph (a) above shall not be liable for any action or determination made in good faith with respect to this Plan. To the maximum extent permitted by applicable law, no officer of the Company or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to this Plan or any Stock Option granted under it. To the maximum extent permitted by applicable law or the Certificate of Incorporation or By-Laws of the Company and to the extent not covered by insurance directly insuring such person, each officer and member or former member of the Committee or the Board shall be indemnified and held harmless by the Company against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Company) or liability (including any sum paid in settlement of a claim with the approval of the Company), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the administration of this Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the Certificate of Incorporation or By-Laws of the Company or any Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to Stock Option granted to him or her under this Plan.

ARTICLE IV

SHARE AND OTHER LIMITATIONS

4.1 SHARES.

(a) The aggregate number of shares of Common Stock which may be issued or used for reference purposes under this Plan or with respect to which Stock Options may be granted shall not exceed 441,860 shares of Common Stock (subject to any increase or decrease pursuant to Section 4.2) which may be either authorized and unissued Common Stock or Common Stock held in or acquired for the treasury of the Company or both.

(b) Stock Options granted under the Plan shall be sub-divided into 5 tranches (as described more fully in Section 6.2). The number of shares of Common Stock available for each tranche shall be as follows:

TRANCHE	NUMBER OF SHARES SUBJECT TO TRANCHE
1	79,070
2	148,837
3	148,837
4	32,558
5	32,558

(c) If any Stock Option granted under this Plan expires, terminates or is forfeited for any reason other than by reason of its exercise, the number of shares of Common Stock underlying such unexercised or forfeited Stock Option shall again be available for the purposes of Awards under this Plan.

4.2 CHANGES.

(a) The existence of this Plan and the Stock Options granted hereunder shall not affect in any way the right or power of the Board or the stockholders of the Company to make or authorize (i) any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, (ii) any merger or consolidation of the Company or any Affiliate, (iii) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Common Stock, (iv) the dissolution or liquidation of the Company or any Affiliate, (v) any sale or transfer of all or part of the assets or business of the Company or any Affiliate, or (vi) any other corporate act or proceeding.

(b) In the event of any change in the capital structure or business of the Company by reason of any stock split, reverse stock split, stock dividend, combination or reclassification of shares, recapitalization, or other change in the capital structure of the Company, merger, consolidation, spin-off,

reorganization, partial or complete liquidation, issuance of rights or warrants to purchase any Common Stock or securities convertible into Common Stock, or any other corporate transaction or event having an effect similar to any of the foregoing, then the Committee may take such action, if any, with respect to the Plan and outstanding Stock Options, as it may deem equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under this Plan, including, without limitation, adjustment of the aggregate number and kind of shares which thereafter may be issued under this Plan, the number and kind of shares or other property (including cash) to be issued upon exercise of an outstanding Stock Option granted under this Plan and the purchase price thereof. Any such action or adjustment determined by the Committee in good faith shall be final, binding and conclusive on the Company and all Participants and employees and their respective heirs, executors, administrators, successors and assigns. Except as provided in this Section 4.2, a Participant shall have no rights by reason of any issuance by the Company of any class or securities convertible into stock of any class of the Company, any subdivision or consolidation of shares of stock of any class of the Company, the payment of any stock dividend, any other increase or decrease in the number of shares of stock of any class of the Company, any sale or transfer of all or part of the Company's assets or business or any other change affecting the Company's capital structure or business.

(c) Fractional shares of Common Stock resulting from any adjustment in Options pursuant to Section 4.2(a) or (b) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Option has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

4.3 MINIMUM PURCHASE PRICE. Notwithstanding any provision of this Plan to the contrary, if authorized but previously unissued shares of Common Stock are issued under this Plan, such shares shall not be issued for a consideration which is less than as permitted under applicable law.

ARTICLE V

ELIGIBILITY

5.1 NON-QUALIFIED STOCK OPTIONS. All Eligible Employees are eligible to be granted Non-Qualified Stock Options. Eligibility for the grant of a Non-Qualified

Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

5.2 INCENTIVE STOCK OPTIONS. All Eligible Employees of the Company, its Subsidiaries and its Parent (if any) are eligible to be granted Incentive Stock Options under this Plan. Eligibility for the grant of an Incentive Stock Option and actual participation in this Plan shall be determined by the Committee in its sole discretion.

ARTICLE VI

STOCK OPTIONS

6.1 STOCK OPTIONS. Each Stock Option granted hereunder shall be one of two types: (i) an Incentive Stock Option intended to satisfy the requirements of Section 422 of the Code; or (ii) a Non-Qualified Stock Option.

6.2 GRANTS. (a) Subject to the provisions of Article V, the Committee shall have the authority to grant to any Eligible Employee one or more Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options. To the extent that any Stock Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Stock Option or the portion thereof which does not qualify, shall constitute a separate Non-Qualified Stock Option. Notwithstanding any other provision of this Plan to the contrary or any provision in an agreement evidencing the grant of a Stock Option to the contrary, any Stock Option granted to an Eligible Employee of an Affiliate (other than an Affiliate which is a Parent or a Subsidiary) shall be a Non-Qualified Stock Option.

(b) Each Stock Option granted under the Plan shall be sub-divided into 5 tranches. The number of shares of Common Stock in each tranche for any Stock Option shall be the total number of shares of Common Stock subject to the Stock Option multiplied by the applicable percentage for such tranche in the following table:

TRANCHE	PERCENTAGE OF SHARES SUBJECT TO TRANCHE
1	17.8947368%
2	33.6842105%
3	33.6842105%
4	7.368421%
5	7.368421%

6.3 TERMS OF STOCK OPTIONS. Stock Options granted under this Plan shall be subject to the following terms and conditions, and shall be in such form and contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem desirable:

(a) EXERCISE PRICE. Stock Options under this Plan shall be exercisable at the exercise prices set forth in the following table; provided, however, that if an Incentive Stock Option is granted to a Ten Percent Stockholder, the exercise price of the first tranche shall be no less than 110% of the Fair Market Value of the Common Stock at the time of grant:

TRANCHE	EXERCISE PRICE OF OPTIONS GRANTED	ACTUAL EXERCISE PRICE OF OPTIONS GRANTED ON THE EFFECTIVE DATE
1	100% of Fair Market Value on Date of Grant	$ 44.96
2	150% of Fair Market Value on Date of Grant	$ 67.44
3	200% of Fair Market Value on Date of Grant	$ 89.92
4	250% of Fair Market Value on Date of Grant	$ 112.40
5	300% of Fair Market Value on Date of Grant	$ 134.88

(b) STOCK OPTION TERM. The term of each Stock Option shall be fixed by the Committee; provided, however, that no Stock Option shall be exercisable more than 10 years after the date such Stock Option is granted; and further provided that the term of an Incentive Stock Option granted to a Ten Percent Stockholder shall not exceed 5 years.

(c) EXERCISABILITY. Except as otherwise provided by the Committee in accordance with the provisions of this Section, 25% of each tranche of any Stock Option granted under this Article VI shall be exercisable on the first anniversary of the date of grant and 12.5% of each tranche of any Stock Option granted under this Article VI shall be exercisable at the end of each six-month period thereafter. Notwithstanding the foregoing, Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at grant. If the Committee provides, in its discretion, that any Stock Option is exercisable subject to certain limitations (including, without limitation, that such Stock Option is exercisable only in installments or within certain time periods), the Committee may waive such

limitations on the exercisability at any time at or after grant in whole or in part (including, without limitation, waiver of the installment exercise provisions or acceleration of the time at which such Stock Option may be exercised), based on such factors, if any, as the Committee shall determine, in its sole discretion. Unless otherwise determined by the Committee at grant, the grant shall provide that (i) in the event the Participant engages in Detrimental Activity prior to any exercise of the Stock Option, all Stock Options held by the Participant shall thereupon terminate and expire, (ii) as a condition of the exercise of a Stock Option, the Participant shall be required to certify at the time of exercise in a manner acceptable to the Company that the Participant is in compliance with the terms and conditions of the Plan and that the Participant has not engaged in, and does not intend to engage in, any Detrimental Activity, (iii) in the event the Participant engages in Detrimental Activity during the 6 month period commencing on the date the Stock Option is exercised, the Company shall be entitled to recover from the Participant at any time within one year after such exercise, and the Participant shall pay over to the Company, any gain realized as a result of the exercise (whether at the time of exercise or thereafter), (iv) any decision by the Committee to waive such limitations must be first approved by each of CEP and MSDWCP and (v) the foregoing provisions described in (i), (ii), (iii) and (iv) shall cease to apply upon a Change in Control.

(d) METHOD OF EXERCISE. Subject to whatever installment exercise and waiting period provisions apply under subsection (c) above, Stock Options may be exercised in whole or in part at any time and from time to time during the Stock Option term by giving written notice of exercise to the Committee specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price as follows: (i) in cash or by check, bank draft or money order payable to the order of the Company; (ii) if the Common Stock is traded on a national securities exchange, The Nasdaq Stock Market, Inc. or quoted on a national quotation system sponsored by the National Association of Securities Dealers, through a "cashless exercise" procedure whereby the Participant delivers irrevocable instructions to a broker approved by the Committee to deliver promptly to the Company an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, the relinquishment of Stock Options or by payment in full or in part in the form of Common Stock owned by the Participant for a period of at least 6 months (and for which the Participant has good title free and clear of any liens and encumbrances) based on the Fair Market Value of the Common Stock on the payment date). No shares of Common Stock shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) INCENTIVE STOCK OPTION LIMITATIONS. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the

Common Stock with respect to which Incentive Stock Options are exercisable for the first time by an Eligible Employee during any calendar year under this Plan and/or any other stock option plan of the Company, any Subsidiary or any Parent exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options. In addition, if an Eligible Employee does not remain employed by the Company, any Subsidiary or any Parent at all times from the time an Incentive Stock Option is granted until 3 months prior to the date of exercise thereof (or such other period as required by applicable law), such Stock Option shall be treated as a Non-Qualified Stock Option. Should any provision of this Plan not be necessary in order for the Stock Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend this Plan accordingly, without the necessity of obtaining the approval of the stockholders of the Company.

(f) FORM, MODIFICATION, EXTENSION AND RENEWAL OF STOCK OPTIONS. Subject to the terms and conditions and within the limitations of this Plan, Stock Options shall be evidenced by such form of agreement or grant as is approved by the Committee, and the Committee may (i) modify, extend or renew outstanding Stock Options granted under this Plan (provided that the rights of a Participant are not reduced without his consent), and (ii) accept the surrender of outstanding Stock Options (up to the extent not theretofore exercised) and authorize the granting of new Stock Options in substitution therefor (to the extent not theretofore exercised).

(g) DEFERRED DELIVERY OF COMMON SHARES. The Committee may in its discretion permit Participants to defer delivery of Common Stock acquired pursuant to a Participant's exercise of an Option in accordance with the terms and conditions established by the Committee.

ARTICLE VII

NON-TRANSFERABILITY AND TERMINATION OF EMPLOYMENT

7.1 NON-TRANSFERABILITY. Except as provided herein, no Stock Option shall be Transferable by the Participant otherwise than by will or by the laws of descent and distribution. All Stock Options shall be exercisable, during the Participant's lifetime, only by the Participant. No Stock Option shall, except as otherwise specifically provided by law or herein, be Transferable in any manner, and any attempt to Transfer any such Stock Option shall be void, and no such Stock Option shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such Stock Option, nor shall it be subject to attachment or legal process for or against such person. Notwithstanding the foregoing, the Committee may determine at the time of grant or thereafter that a Non-Qualified Stock Option that is otherwise not Transferable

pursuant to this Section 7.1 is Transferable to a Family Member in whole or in part and in such circumstances, and under such conditions, as specified by the Committee. A Non- Qualified Stock Option that is Transferred to a Family Member pursuant to the preceding sentence (i) may not be subsequently Transferred otherwise than by will or by the laws of descent and distribution and (ii) remains subject to the terms of this Plan and the Stock Option agreement. Any shares of Common Stock acquired upon the exercise of a Stock Option by a transferee of a Stock Option shall be subject to the terms of this Plan and the Stock Option agreement, including, without limitation, the provisions of Article X hereof.

7.2 TERMINATION OF EMPLOYMENT. The following rules apply with regard to the Termination of Employment of a Participant. Unless otherwise determined by the Committee at grant or, if no rights of the Participant are reduced, thereafter:

(a) TERMINATION BY REASON OF DEATH, DISABILITY OR RETIREMENT. If a Participant's Termination of Employment is by reason of death, Disability or Retirement, all Stock Options held by such Participant which are exercisable at the time of the Participant's Termination of Employment, may be exercised by the Participant (or, in the case of death, by the legal representative of the Participant's estate) at any time within a period of one year from the date of such Termination of Employment, but in no event beyond the expiration of the stated terms of such Stock Options; provided, however, that, in the case of Retirement, if the Participant dies within such exercise period, all unexercised Stock Options held by such Participant shall thereafter be exercisable, to the extent to which they were exercisable at the time of death, for a period of one year from the date of such death, but in no event beyond the expiration of the stated term of such Stock Options.

(b) INVOLUNTARY TERMINATION WITHOUT CAUSE. If a Participant's Termination of Employment is by involuntary termination without Cause, all Stock Options held by such Participant which are exercisable at the time of such Termination of Employment, may be exercised by the Participant at any time within a period of 90 days from the date of such Termination of Employment, but in no event beyond the expiration of the stated term of such Stock Options.

(c) VOLUNTARY TERMINATION. If a Participant's Termination of Employment is voluntary (other than a voluntary termination described in Section 7.2(d)(ii) below), all Stock Options held by such Participant which are exercisable at the time of such Termination of Employment, may be exercised by the Participant at any time within a period of 30 days from the date of such Termination of Employment, but in no event beyond the expiration of the stated terms of such Stock Options.

(d) TERMINATION FOR CAUSE. If a Participant's Termination of Employment (i) is for Cause or (ii) is a voluntary termination (as provided in

subsection (c) above) at any time after an event which would be grounds for a Termination of Employment for Cause, all Stock Options held by such Participant shall thereupon terminate and expire as of the date of such Termination of Employment.

ARTICLE VIII

CHANGE IN CONTROL PROVISIONS

8.1 BENEFITS. In the event of a Change in Control of the Company, except as otherwise provided by the Committee upon the grant of a Stock Option, the Participant shall be entitled to the following benefits:

(a) Except to the extent provided in the applicable Stock Option agreement, the Participant's employment agreement with the Company or an Affiliate, as approved by the Committee, or other written agreement approved by the Committee (as such agreement may be amended from time to time), Stock Options granted and not previously exercisable shall become exercisable upon a Change in Control, subject to subsection 8.1(b).

(b) Notwithstanding anything to the contrary herein, unless the Committee provides otherwise at the time a Stock Option is granted hereunder or thereafter, no acceleration of exercisability shall occur with respect to such Stock Options if the Committee reasonably determines in good faith that the Stock Options shall be honored or assumed, or new rights substituted therefor (each such honored, assumed or substituted stock option hereinafter called an "Alternative Option"), by a Participant's employer (or the parent or a subsidiary of such employer) immediately following the Change in Control, provided that any such Alternative Option must meet the following criteria:

(i) the Alternative Option must provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Stock Option, including, but not limited to, an identical or better exercise schedule; and

(ii) the Alternative Option must substantially comply and in the case of an Incentive Stock Option must comply with the requirements of Treasury Regulation ss. 1.425-1 (and any amendments thereto), except that the Alternative Option need not be an Incentive Stock Option.

(c) If the Company and the other party to a transaction constituting a Change in Control agree that such transaction shall be treated as a "pooling of interests" for financial reporting purposes, and if the transaction is in fact so treated, then the acceleration of exercisability, vesting or lapse of the applicable

Restriction Period shall not occur to the extent that the Company's independent public accountants determine in good faith that such acceleration would preclude "pooling of interests" accounting.

8.2 CHANGE IN CONTROL. A "Change in Control" shall be deemed to have occurred:

(a) upon any "person" as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than CEP, MSDWCP, the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Common Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(b) during any period of 2 consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section or a director whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) a merger or consolidation of the Company or a Subsidiary with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 35% of the combined voting power of the voting securities of the Company or such surviving entity or such surviving entity's parent outstanding immediately after such merger or consolidation; or

(d) upon the approval by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets other than the sale or disposition of all or substantially all of the assets of the Company to a person or persons who beneficially own, directly or indirectly, at least 50% or

more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

8.3 INITIAL PUBLIC OFFERING NOT A CHANGE IN CONTROL. For purposes of the Plan, an initial public offering of the Common Stock of the Company shall not be deemed to be a Change in Control.

ARTICLE IX

TERMINATION OR AMENDMENT OF PLAN

Notwithstanding any other provision of this Plan, the Board or the Committee may at any time, and from time to time, amend, in whole or in part, any or all of the provisions of this Plan (including any amendment deemed necessary to ensure that the Company may comply with any regulatory requirement referred to in Article XII), or suspend or terminate it entirely, retroactively or otherwise; provided, however, that, unless otherwise required by law or specifically provided herein, the rights of a Participant with respect to Awards granted prior to such amendment, suspension or termination, may not be impaired without the consent of such Participant. In no event may this Plan be amended without the approval of the stockholders of the Company in accordance with the applicable laws of the State of Delaware to increase the aggregate number of shares of Common Stock that may be issued under this Plan, decrease the minimum exercise price of any Stock Option, or to make any other amendment that would require stockholder approval under the rules of any exchange or system on which the Company's securities are listed or traded.

The Committee may amend the terms of any Stock Option theretofore granted, prospectively or retroactively, but, subject to Article IV above or as otherwise specifically provided herein, no such amendment or other action by the Committee shall impair the rights of any holder without the holder's consent.

ARTICLE X

COMPANY CALL RIGHTS AND OTHER LIMITATIONS

10.1 COMPANY CALL RIGHTS. (a) In the event of Termination of Employment for Cause, the Company may repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option granted under this Plan at a repurchase price equal to the lesser of (i) the original purchase price or exercise price (as applicable), if any, or (ii) Fair Market Value as of the date of termination.

(b) In the event of a Termination of Employment for any reason other than for Cause (including termination due to Retirement, death, Disability, involuntary termination without Cause or resignation), the Company may at any time within 270

days after a Participant incurs a Termination of Employment or acquires shares of Common Stock upon the exercise of a Stock Option following his or her Termination of Employment for any reason other than for Cause: (i) repurchase from the Participant each outstanding vested Stock Option based on the greater of (A) the difference between the exercise price of a share of Common Stock relating to such Stock Option and the Fair Market Value of a share of Common Stock on the date of termination and (B) $.01 and (ii) repurchase from the Participant any shares of Common Stock previously acquired by the Participant through the exercise of a Stock Option under this Plan at a repurchase price equal to Fair Market Value as of the date of termination, but in no event less than the exercise price of a share of Common Stock relating to such Stock Option.

10.2 LIMITATIONS ON TRANSFER OF SHARES. A Participant only may, directly or indirectly, Transfer shares of Common Stock acquired by the Participant (or his or her estate or legal representative) through the exercise of an Option under this Plan in the same proportion to the aggregate amount of shares of Common Stock sold by CEP and MSDWCP to entities which are not Affiliates for cash or marketable securities.

10.3 EFFECT OF IPO. Notwithstanding the foregoing, the Company shall cease to have rights pursuant to Section 10.1 following an initial public offering of the Common Stock of the Company.

ARTICLE XI

UNFUNDED PLAN

11.1 UNFUNDED STATUS OF PLAN. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Company.

ARTICLE XII

GENERAL PROVISIONS

12.1 LEGEND. The Committee may require each person receiving shares pursuant to an Award under this Plan to represent to and agree with the Company in writing that the Participant is acquiring the shares without a view to distribution thereof. In addition to any legend required by this Plan, the certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on Transfer.

All certificates for shares of Common Stock delivered under this Plan shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed or any national securities association system upon whose system the Common Stock is then quoted, any applicable Federal or state securities law, and any applicable corporate law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

12.2 OTHER PLANS. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

12.3 NO RIGHT TO EMPLOYMENT. Neither this Plan nor the grant of any Award hereunder shall give any Participant any right with respect to continuance of employment by the Company or any Affiliate, nor shall they be a limitation in any way on the right of the Company or any Affiliate by which an employee is employed to terminate his employment at any time.

12.4 WITHHOLDING OF TAXES. The Company shall have the right to deduct from any payment to be made to a Participant, or to otherwise require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash hereunder, payment by the Participant of, any Federal, state or local taxes required by law to be withheld.

Any statutorily required withholding obligation with regard to any Eligible Employee may be satisfied, subject to the consent of the Committee, by reducing the number of shares of Common Stock otherwise deliverable or by delivering shares of Common Stock already owned. Any fraction of a share of Common Stock required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

12.5 LISTING AND OTHER CONDITIONS.

(a) Unless otherwise determined by the Committee, as long as the Common Stock is listed on a national securities exchange or system sponsored by a national securities association, the issue of any shares of Common Stock pursuant to a Stock Option shall be conditioned upon such shares being listed on such exchange or system. The Company shall have no obligation to issue such shares unless and until such shares are so listed, and the right to exercise any Stock Option with respect to such shares shall be suspended until such listing has been effected.

(b) If at any time counsel to the Company shall be of the opinion that any sale or delivery of shares of Common Stock pursuant to a Stock Option is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Company under the statutes, rules or regulations of any applicable jurisdiction, the Company shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration under the Securities Act or otherwise with respect to shares of Common Stock or Stock Option, and the right to exercise any Stock Option shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Company.

(c) Upon termination of any period of suspension under this Section 12.5, a Stock Option affected by such suspension which shall not then have expired or terminated shall be reinstated as to all shares available before such suspension and as to shares which would otherwise have become available during the period of such suspension, but no such suspension shall extend the term of any Stock Option.

(d) A Participant shall be required to supply the Company with any certificates, representations and information that the Company requests and otherwise cooperate with the Company in obtaining any listing, registration, qualification, exemption, consent or approval the Company deems necessary or appropriate.

12.6 STOCKHOLDERS AGREEMENT. As a condition to the receipt of shares of Common Stock pursuant to a Stock Option under this Plan, to the extent required by the Committee, the Participant shall execute and deliver a stockholder's agreement or such other documentation which shall set forth certain restrictions on transferability of the shares of Common Stock acquired upon exercise or purchase (including Section 10.2), a right of first refusal of the Company with respect to shares, the right of the Company to purchase Common Stock in accordance with this Plan and such other terms as the Board or Committee shall from time to time establish. Such stockholder's agreement shall apply to all Common Stock acquired under the Plan.

12.7 GOVERNING LAW. This Plan shall be governed and construed in accordance with the laws of the State of Delaware (regardless of the law that might otherwise govern under applicable Delaware principles of conflict of laws).

12.8 CONSTRUCTION. Wherever any words are used in this Plan in the masculine gender they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

12.9 OTHER BENEFITS. No Award payment under this Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or its subsidiaries nor affect any benefits under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation.

12.10 COSTS. The Company shall bear all expenses included in administering this Plan, including expenses of issuing Common Stock pursuant to any Awards hereunder.

12.11 NO RIGHT TO SAME BENEFITS. The provisions of Stock Options need not be the same with respect to each Participant, and such Stock Options to individual Participants need not be the same in subsequent years.

12.12 DEATH/DISABILITY. The Committee may in its discretion require the transferee of a Participant to supply it with written notice of the Participant's death or Disability and to supply it with a copy of the will (in the case of the Participant's death) or such other evidence as the Committee deems necessary to establish the validity of the transfer of an Award. The Committee may also require that the agreement of the transferee to be bound by all of the terms and conditions of this Plan.

12.13 SUCCESSORS AND ASSIGNS. The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate.

12.14 SEVERABILITY OF PROVISIONS. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

12.15 HEADINGS AND CAPTIONS. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan, and shall not be employed in the construction of this Plan.

ARTICLE XIII

EFFECTIVE DATE OF PLAN

13.1 The Plan shall become effective upon adoption by the Board, subject to the approval of this Plan by the stockholders of the Company in accordance with the requirements of the laws of the State of Delaware, or such later date as provided in the adopting resolution.

ARTICLE XIV

TERM OF PLAN

14.1 No Stock Option shall be granted pursuant to this Plan on or after the tenth anniversary of the earlier of the date this Plan is adopted or the date of stockholder approval, but Stock Options granted prior to such tenth anniversary may, and the Committee's authority to administer the terms of such Options shall, extend beyond that date.

EXHIBIT 10.9
CONFORMED COPY

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SECOND AMENDED AND RESTATED CREDIT AGREEMENT

dated as of March 16, 2001

among

CROSS COUNTRY TRAVCORPS, INC.,

The Lenders Party Hereto,

SALOMON SMITH BARNEY INC.,
as Arranger,

CITICORP USA, INC.,
as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender,

BANKERS TRUST COMPANY,
as Syndication Agent,

and

WACHOVIA BANK, N.A.,
as Documentation Agent

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TABLE OF CONTENTS

ANNEXES

SCHEDULES

EXHIBITS

SECOND AMENDED AND RESTATED CREDIT AGREEMENT dated as of March 16, 2001, among CROSS COUNTRY TRAVCORPS, INC. (formerly known as Cross Country Staffing, Inc.), a Delaware corporation (the "BORROWER"), the LENDERS (as defined in Article I), SALOMON SMITH BARNEY INC., as sole advisor, arranger and book manager (in such capacity, the "ARRANGER"), CITICORP USA, INC., as issuing bank (in such capacity, the "ISSUING BANK"), as swingline lender (in such capacity, the "SWINGLINE LENDER"), as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT") and as collateral agent for the LENDERS (in such capacity, the "COLLATERAL AGENT"), BANKERS TRUST COMPANY, as syndication agent (in such capacity, the "SYNDICATION AGENT"), and WACHOVIA BANK, N.A., as documentation agent (in such capacity, the "DOCUMENTATION AGENT").

The Borrower, the Lenders, the Arranger, Citicorp USA, Inc., the Syndication Agent and the Documentation Agent are parties to a Credit Agreement dated as of July 29, 1999, as amended by the amendment and restatement dated as of December 16, 1999, the Waiver dated as of July 25, 2000, Amendment No. 1 dated as of October 27, 2000 and Waiver and Amendment No. 2 dated as of December 4, 2000 (collectively, the "EXISTING CREDIT AGREEMENT"), pursuant to which such Lenders (a) made term loans (referred to herein as the "Tranche A-1 Term Loans") in an aggregate principal amount outstanding on the date hereof of $114,880,000 and (b) committed to make revolving loans at any time and from time to time prior to the Revolving Credit Maturity Date in an aggregate principal amount at any time outstanding not in excess of $30,000,000.

The Borrower has entered into a Stock Purchase Agreement with Edgewater Technology, Inc., a Delaware corporation, pursuant to which it will acquire the stock of Clinforce. In connection with the Clinforce Acquisition, the Borrower has requested (a) that the Amended and Restated Credit Agreement be amended and restated by this Agreement in order to provide for Tranche A-2 Term Loans in an aggregate principal amount of $30,000,000 and (b) provide for the other changes described herein. The Tranche A-2 Term Loans will be drawn in a single drawing on the date on which the Clinforce Acquisition is consummated (the "SECOND RESTATEMENT CLOSING DATE") and used to pay the consideration payable in such acquisition and related fees and expenses. Amounts borrowed under the Term Loans that are repaid or prepaid may not be reborrowed. Proceeds of Revolving Loans and Swingline Loans and Letters of Credit have been and will continue to be used by the Borrower for general corporate purposes, including Permitted Acquisitions.

The Lenders, the Administrative Agent and the Issuing Bank are willing to amend and restate the Existing Credit Agreement on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR BORROWING" means a Borrowing comprised of ABR Loans.

"ABR LOAN" means any ABR Term Loan, ABR Revolving Loan or Swingline Loan.

"ABR REVOLVING LOAN" means any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"ABR TERM BORROWING" means a Borrowing comprised of ABR Term Loans.

"ABR TERM LOAN" means any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"ACCOUNT" means any right to payment for goods sold or leased or for services rendered, whether or not earned by performance.

"ADJUSTED EBITDA" means, for any period, EBITDA on a consolidated basis for such period after giving effect to all Asset Acquisitions or Stock Acquisitions consummated during such period on a pro forma basis (as if such acquisitions were made on the first day of such period), including the pro forma cost savings for such period calculated in accordance with Regulation S-X under the Exchange Act (it being agreed that such pro forma adjustments shall include adjustments to reflect CCS's results of operations for periods ended prior to July 29, 1999); PROVIDED that, for purposes of this definition only, for fiscal year 1999, neither (a) the amounts constituting the TravCorps Option Cancellation Expense nor (b) the compensation expense associated with the issuance by the Borrower of its common stock to certain employees, shall be deducted from revenues in determining Consolidated Net Income for any period during such fiscal year.

"ADJUSTED LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum equal to the product of (a) the LIBO Rate in effect for such Interest Period and (b) Statutory Reserves.

"ADMINISTRATIVE AGENT" is defined in the preamble.

"ADMINISTRATIVE AGENT FEES" is defined in Section 2.05(b).

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in the form of Exhibit A.

"AFFILIATE" means, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"AGENTS" is defined in Section 8.01.

"AGGREGATE REVOLVING CREDIT EXPOSURE" means the aggregate amount of the Lenders' Revolving Credit Exposures.

"ALTERNATE BASE RATE" means, for any day, a rate per annum equal to the greatest of (a) the prime rate of Citibank, N.A. in effect on such day, (b) the Base CD Rate in effect on such day plus 1/2 of 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. If

for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"AMENDED AND RESTATED CREDIT AGREEMENT" is defined in the preamble.

"ASSET ACQUISITION" means a purchase, lease or other acquisition of (a) all or substantially all of the assets of any person, (b) a division or business of any person or (c) assets that are substantial in relation to the Borrower and the Subsidiaries taken as a whole.

"ASSET DISPOSITION" means the sale, transfer, licensing or other disposition (directly, by way of merger or formation of a joint venture or otherwise, and including any casualty event or condemnation that results in the receipt of any insurance or condemnation proceeds) by the Borrower or any of the Subsidiaries (other than a sale, transfer, licensing or other disposition to the Borrower or any Subsidiary) of (a) any Equity Interests or Rights of any of the Subsidiaries (including through the issuance of Equity Interests or Rights by any Subsidiary) or (b) any other assets, whether real or personal and whether tangible or intangible, of the Borrower or any of the Subsidiaries; PROVIDED that any disposition of inventory, obsolete or worn out assets or Permitted Investments, in each case in the ordinary course of business, shall not be deemed to be "Asset Dispositions" for purposes of this Agreement.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit F or such other form as shall be approved by the Administrative Agent.

"BASE CD RATE" means the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average being determined weekly on each Monday (or, if any such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank, N.A. on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank, N.A. from three New York certificate of deposit dealers of recognized standing selected by Citibank, N.A., in either case adjusted to the nearest 1/4 of 1% or, if there is no nearest 1/4 of 1%, to the next higher 1/4 of 1%.

"BOARD" means the Board of Governors of the Federal Reserve System of the United States of America.

"BORROWER" is defined in the preamble.

"BORROWING" means (a) a group of Loans of a single Type made by the Lenders on a single date and as to which a single Interest Period is in effect or (b) a Swingline Loan.

"BORROWING REQUEST" means a request by the Borrower in accordance with the terms of

Section 2.03 and substantially in the form of Exhibit B.

"BUSINESS DAY" means any day other than a Saturday, Sunday or day on which banks in New York City are authorized or required by law to close; PROVIDED, HOWEVER, that when used in connection with a Eurodollar Loan, the term "BUSINESS DAY" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"CAPITAL EXPENDITURES" means, for any period, additions to property, plant and equipment and other capital expenditures of the Borrower and the Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP.

"CAPITAL LEASE OBLIGATIONS" of any person means the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"CCS" means Cross Country Staffing, a Delaware general partnership which was a predecessor entity to the Borrower.

"CCTC" means CCTC Acquisition, Inc., a Delaware corporation and a direct wholly owned subsidiary of the Borrower.

"CHANGE OF CONTROL" means the occurrence of any of the following events:

(a) the Permitted Holders cease to be the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of shares representing at least (i) prior to the first Public Equity Offering that results in a Public Market, 66-2/3% or (ii) after the first Public Equity Offering that results in a Public Market, 45%, of each of the voting power and economic interest represented by the capital stock of the Borrower, whether as a result of the issuance of securities of the Borrower, any merger, consolidation, liquidation or dissolution of the Borrower, any direct or indirect transfer of securities by the Permitted Holders or otherwise; or

(b) after the first Public Equity Offering that results in a Public Market, (i) any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act or any successor provisions to either of the foregoing), including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, other than any one or more of the Permitted Holders, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, except that a person will be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of shares representing 33% or more of the voting power represented by the capital stock of the Borrower; or

(c) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election or appointment by such Board or whose nomination for election by the shareholders of the Borrower was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was

previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; or

(d) any transaction or series of related transactions constituting a "change of control" or other similar occurrence under documentation evidencing or governing any Indebtedness of the Borrower or its Subsidiaries in an aggregate principal amount of $2,000,000 or more.

"CHARTERHOUSE" means Charterhouse Equity Partners III, L.P.

"CHIEF FINANCIAL OFFICER" of any person means the chief financial officer of such person.

"CLINFORCE" means, collectively, Clinforce, Inc. and CFRC, Inc., which is the clinical trials staffing business of Edgewater Technology, a Delaware corporation.

"CLINFORCE ACQUISITION" means the acquisition pursuant to the Stock Purchase Agreement dated as of December 15, 2000 between the Borrower and Edgewater Technology, a Delaware corporation, pursuant to which the Borrower will acquire the assets and business of Clinforce.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COLLATERAL" means all the "Collateral" as defined in any Collateral Document.

"COLLATERAL AGENT" is defined in the preamble.

"COLLATERAL DOCUMENTS" means the Pledge Agreement, the Security Agreement and each of the security agreements and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.10.

"COLLATERAL REQUIREMENT" means, at any time, that (a) the Security Agreement (or a supplement referred to in Section 7.15 thereof) and the Pledge Agreement (or a supplement thereto referred to in Section 23 thereof) shall have been duly executed by the Borrower and each Domestic Subsidiary existing at such time, shall have been delivered to the Collateral Agent and shall be in full force and effect, (b) all the outstanding Equity Interests and Rights of the Subsidiaries and other persons (other than the Excluded Subsidiary) owned by the Borrower and the Domestic Subsidiaries and all Indebtedness of the Borrower or any other Subsidiary or other person owned by the Borrower and the Domestic Subsidiaries shall have been duly and validly pledged under the Pledge Agreement to the Collateral Agent for the ratable benefit of the Obligees and certificates or other instruments representing such Equity Interests and Rights or Indebtedness (to the extent such Indebtedness is evidenced by certificates or instruments), accompanied by stock powers or other instruments of transfer endorsed in blank, shall be in the actual possession of the Collateral Agent; PROVIDED that none of the Borrower or the Domestic Subsidiaries shall be required to pledge more than 65% of the voting Equity Interests (but shall be required to pledge 100% of the non-voting Equity Interests) of any Foreign Subsidiary; (c) each document (including each Uniform Commercial Code financing statement and each filing with respect to Intellectual Property owned by the Borrower or any other Subsidiary party to the Security Agreement) required by law or reasonably requested by the Collateral Agent to be filed, registered or recorded in order to create in favor of the Collateral Agent for the benefit of the Obligees a valid, legal and perfected first-priority security interest in and lien on the Collateral subject to the Security Agreement (subject to any Lien expressly permitted by Section 6.02) shall have been so filed, registered or recorded and evidence thereof delivered to

the Collateral Agent; and (d)(i) each of the Mortgages relating to each of the Mortgaged Properties (if any) shall have been duly executed by the parties thereto and delivered to the Collateral Agent and shall be in full force and effect, (ii) each of such Mortgaged Properties shall not be subject to any Lien other than those expressly permitted under Section 6.02, (iii) each of such Mortgages shall have been filed and recorded in the appropriate recording office and, in connection therewith, the Collateral Agent shall have received evidence satisfactory to it of each such filing and recordation (or arrangements for such filing and recordation satisfactory to the Collateral Agent shall have been made) and (iv) the Collateral Agent shall have received such other documents, including a policy or policies of title insurance issued by a nationally recognized title insurance company, together with such endorsements, coinsurance and reinsurance as may be requested by the Collateral Agent and the Lenders, insuring the Mortgages as valid first liens on the Mortgaged Properties, free of Liens other than those expressly permitted under Section 6.02, together with such surveys, abstracts, appraisals and legal opinions required to be furnished pursuant to the terms of the Mortgages or as reasonably requested by the Collateral Agent or the Lenders.

"COMMITMENT" means, with respect to any Lender, such Lender's Revolving Credit Commitment, Tranche A-1 Term Commitment and Tranche A-2 Term Commitment.

"COMMITMENT FEE" is defined in Section 2.05(a).

"CONSOLIDATED INTEREST EXPENSE" means, for any period, the total interest expense of the Borrower and the consolidated Subsidiaries for such period, plus, to the extent not included in such total interest expense, and to the extent incurred by the Borrower or the Subsidiaries during such period, (a) interest expense attributable to capital leases, (b) amortization of debt discount and debt issuance cost, including commitment fees (other than with respect to the Commitments and the Subordinated Debt), (c) capitalized interest, (d) non-cash interest expense (other than with respect to the Subordinated Debt), (e) commissions, discounts and other fees and charges owed with respect to letters of credit and banker's acceptance financing, (f) net costs associated with Hedging Obligations (including amortization of fees), (g) interest incurred in connection with investments in discontinued operations and (h) interest accruing on Indebtedness of any other person to the extent such interest is Guaranteed by the Borrower or any Subsidiary; PROVIDED, HOWEVER, that (i) Consolidated Interest Expense for the period of four fiscal quarters ending on December 31, 1999 shall be equal to the product of (A) Consolidated Interest Expense for the period of five fiscal months ending on December 31, 1999 and (B) the fraction the numerator of which is equal to 12 and the denominator of which is equal to five, (ii) Consolidated Interest Expense for the period of four fiscal quarters ending on March 31, 2000 shall be equal to the product of (A) Consolidated Interest Expense for the period of three fiscal months ending on March 31, 2000 and (B) four and (iii) Consolidated Interest Expense for the period of four fiscal quarters ending on June 30, 2000 shall be equal to the product of (A) Consolidated Interest Expense for the period of 6 fiscal months ending on June 30, 2000 and (B) two; PROVIDED FURTHER, HOWEVER, that for purposes of Section 6.15, the term "Consolidated Interest Expense" shall also exclude noncash interest expense with respect to the Subordinated Debt.

"CONSOLIDATED NET INCOME" means, for any period, net income or loss of the Borrower and the Subsidiaries for such period, as determined on a consolidated basis in accordance with GAAP, PROVIDED that there shall in any event be excluded (a) the income or loss of any person (other than the Borrower or any wholly owned Subsidiary) except that (i) the Borrower's or any wholly owned Subsidiary's equity in the net income of any such person for such period shall be

included in such Consolidated Net Income up to the aggregate amount of cash distributed by such person during such period to the Borrower or any wholly owned Subsidiary as a dividend or other distribution and (ii) the Borrower's or any wholly owned Subsidiary's equity in a net loss of any such person for such period shall be included in determining such Consolidated Net Income, (b) any gain or loss realized upon any Asset Disposition, PROVIDED that any tax benefit or tax liability resulting therefrom shall also be excluded in calculating such Consolidated Net Income, (c) any extraordinary gain or loss, PROVIDED that any tax benefit or tax liability resulting therefrom shall also be excluded in calculating such Consolidated Net Income, (d) the cumulative effect of a change in accounting principles and (e) any non-cash compensation expense realized for grants of performance shares, stock options or other stock awards to officers, directors and employees of the Borrower or the Subsidiaries.

"CONTINUATION/CONVERSION REQUEST" means a continuation/conversion request delivered by the Borrower to the Administrative Agent, in the form of Exhibit C or such other form as shall be approved by the Administrative Agent.

"CONTROL" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "CONTROLLING" and "CONTROLLED" shall have meanings correlative thereto.

"CREDIT DOCUMENTS" means this Agreement, the Letters of Credit, the Subsidiary Guarantee Agreement, the Collateral Documents, the Indemnity, Subrogation and Contribution Agreement and the Notes.

"CREDIT EVENT" is defined in Section 4.01.

"CREDIT PARTY" means the Borrower and the Subsidiary Guarantors.

"DEBT" means, with respect to any person, all Indebtedness of such person of the types referred to in clauses (a), (b), (c), (d), (e) and (h) of the definition of "INDEBTEDNESS" and, to the extent not included therein, all Indebtedness incurred pursuant to Section 6.01(a) (other than under clauses (iv), (vi) and (viii) of Section 6.01(a)).

"DEBT/ADJUSTED EBITDA RATIO" is defined in Section 6.13.

"DEFAULT" means any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"DETERMINATION DATE" means each day that is the second Business Day after a delivery of financial statements pursuant to Section 5.04(a) or (b).

"DISQUALIFIED STOCK" means, with respect to any person, Redeemable Stock of such person as to which (i) the maturity, (ii) mandatory redemption or (iii) redemption, repurchase, conversion or exchange at the option of the holder thereof occurs, or may occur, on or prior to the first anniversary of Term Loan Maturity Date; PROVIDED, HOWEVER, that Redeemable Stock of such person that would otherwise be characterized as Disqualified Stock under this definition shall not constitute Disqualified Stock (a) if such Redeemable Stock is convertible or exchangeable into Debt or Disqualified Stock solely at the option of the issuer thereof or (b) solely as a result of provisions thereof giving holders thereof the right to require such person

to repurchase or redeem such Redeemable Stock upon the occurrence of a "change of control" occurring prior to the first anniversary of the Term Loan Maturity Date, if (i) such repurchase obligation may not be triggered in respect of such Redeemable Stock unless a mandatory prepayment obligation also arises with respect to the Loans and (ii) no such repurchase or redemption is permitted to be consummated unless and until such person shall have satisfied all mandatory prepayment obligations with respect to the Loans.

"DOCUMENTATION AGENT" is defined in the preamble.

"DOLLARS" or "$" means lawful money of the United States of America.

"DOMESTIC SUBSIDIARY" means any Subsidiary incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"EBITDA" means, for any period, an amount equal to, for the Borrower and the consolidated Subsidiaries, (a) the sum of Consolidated Net Income for such period, plus, without duplication and to the extent deducted from revenues in determining Consolidated Net Income for such period: (i) the provision for taxes based on income or profits or utilized in computing net loss, (ii) Consolidated Interest Expense, (iii) depreciation, (iv) amortization and (v) any other non-cash charges (other than any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period), minus (b) all non-cash items included in Consolidated Net Income for such period (other than any such non-cash item to the extent that it will result in the receipt of cash payments in any future period).

"ENVIRONMENT" means ambient air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, the workplace or as otherwise defined in any Environmental Law.

"ENVIRONMENTAL CLAIM" means any written accusation, allegation, notice of violation, claim, demand, order, directive, cost recovery action or other cause of action by, or on behalf of, any Governmental Authority or any person for damages, injunctive or equitable relief, personal injury (including sickness, disease or death), Remedial Action costs, tangible or intangible property damage, natural resource damages, nuisance, pollution, any adverse effect on the environment caused by any Hazardous Material, or for fines, penalties or restrictions, resulting from or based upon (a) the existence, or the continuation of the existence, of a Release (including sudden or non-sudden, accidental or non-accidental Releases), (b) exposure to any Hazardous Material, (c) the presence, use, handling, transportation, storage, treatment or disposal of any Hazardous Material or (d) the violation or alleged violation of any Environmental Law or Environmental Permit.

"ENVIRONMENTAL LAW" means any and all applicable present and future treaties, laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Sections 9601 ET SEQ. (collectively "CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Sections 6901 ET SEQ., the Federal Water Pollution Control Act, as amended by the Clean

Water Act of 1977, 33 U.S.C. Sections 1251 ET SEQ., the Clean Air Act of 1970, as amended 42 U.S.C. Sections 7401 ET SEQ., the Toxic Substances Control Act of 1976, 15 U.S.C. Sections 2601 ET SEQ., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. Sections 651 ET SEQ., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Sections 11001 ET SEQ., the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. Sections 300(f) ET SEQ., the Hazardous Materials Transportation Act, 49 U.S.C. Sections 5101 ET SEQ., and any similar or implementing state or local law, and all amendments or regulations promulgated under any of the foregoing.

"ENVIRONMENTAL PERMIT" means any permit, approval, authorization, certificate, license, variance, filing or permission required by or from any Governmental Authority pursuant to any Environmental Law.

"ENVIRONMENTAL PROPERTY" is defined in Section 3.16(a).

"EQUITY INTERESTS" means (a) with respect to a corporation, shares of the capital stock of such corporation and (b) with respect to a partnership, limited liability company or other person, partnership, limited liability or other equity interests in such person.

"EQUITY ISSUANCE" means any issuance and sale by the Borrower or by any Subsidiary to a person other than the Borrower or any Subsidiary of any Equity Interests of the Borrower or any Subsidiary or any Rights in respect thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (f) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the receipt by the Borrower or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (h) the occurrence of a "prohibited transaction" with respect to which the Borrower or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Code) or with respect to which the Borrower or any such Subsidiary could otherwise be liable; and (i) any other event or condition with respect to a Plan or Multiemployer Plan that could reasonably be expected to result in liability of the Borrower.

"EURODOLLAR BORROWING" means a Borrowing comprised of Eurodollar Loans.

"EURODOLLAR LOAN" means any Eurodollar Revolving Loan or Eurodollar Term Loan.

"EURODOLLAR REVOLVING CREDIT BORROWING" means a Borrowing comprised of Eurodollar Revolving Loans.

"EURODOLLAR REVOLVING LOAN" means any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"EURODOLLAR TERM BORROWING" means a Borrowing comprised of Eurodollar Term Loans.

"EURODOLLAR TERM LOAN" means any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"EVENT OF DEFAULT" is defined in Section 7.01.

"EXCESS CASH FLOW" means, for any fiscal year, EBITDA for such fiscal year less the sum (without duplication) of:

(a)(i) permitted Capital Expenditures made during such fiscal year, (ii) Taxes paid by the Borrower or the consolidated Subsidiaries during such fiscal year, (iii) cash consideration paid for Permitted Acquisitions during such fiscal year (but excluding cash consideration funded from the proceeds of issuances of Equity Interests of the Borrower or any Subsidiary or Indebtedness other than Loans), (iv) Consolidated Interest Expense for such fiscal year, (v) increases in Net Working Capital for such fiscal year and (vi) scheduled and mandatory or voluntary repayments of Debt of the Borrower and the consolidated Subsidiaries (excluding any repayment of the Revolving Loans except to the extent that the Revolving Credit Commitments are terminated or permanently reduced by the amount of such repayment at the time thereof) during such fiscal year;

plus the sum of:

(b)(i) decreases in Net Working Capital for such fiscal year, (ii) refunds during such fiscal year of Taxes paid by the Borrower and the consolidated Subsidiaries in prior periods, and (iii) proceeds to the Borrower or the consolidated Subsidiaries from any Indebtedness referred to in Section 6.01(a)(xi) in each case to the extent received in cash or cash equivalents during such fiscal year.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCLUDED SUBSIDIARY" means HospitalHub, Inc., a subsidiary of the Borrower formed in connection with the consummation of the transactions under the Existing Credit Agreement, and to which the Borrower contributed substantially all of its business and assets relating primarily to any services provided as of the Original Closing Date by the Borrower over the Internet.

"EXCLUDED TAXES" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by)

its net income by the United States of America, or by any Governmental Authority as a result of a present or former connection between the recipient and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the recipient having received any payment under or taking any other action related to any loan under this Agreement or any Credit Document), (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which such recipient is located and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by the Borrower under Section 2.21(a)), any withholding tax that (i) is in effect and would apply to amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that the prior lending office or the assignor, as applicable, of such Foreign Lender was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to any withholding tax pursuant to Section 2.20(a), or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.20(e).

"EXISTING CREDIT AGREEMENT" is defined in the preamble.

"FAIR MARKET VALUE" means, with respect to any property or assets, the price which could be negotiated in an arm's-length free market transaction, for cash, between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEE LETTER" means the Fee Letter dated February 27, 2001, between the Borrower and the Arranger.

"FEES" means the Commitment Fees, the Administrative Agent Fees, the fees described in Sections 2.05(c) and 2.05(e), the L/C Participation Fees and the Issuing Bank Fees.

"FOREIGN LENDER" means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"FOREIGN SUBSIDIARY" means any Subsidiary that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles applied on a consistent basis.

"GOVERNMENTAL AUTHORITY" means any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"GUARANTEE" of or by any person means any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other

person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; PROVIDED, HOWEVER, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"GUARANTEE REQUIREMENT" means that (a) the Subsidiary Guarantee Agreement (or a supplement referred to in Section 20 thereof) shall have been executed by each Domestic Subsidiary existing from time to time, shall have been delivered to the Collateral Agent and shall be in full force and effect and (b) the Indemnity, Subrogation and Contribution Agreement (or a supplement referred to in Section 12 thereof) shall have been executed by the Borrower and each other Obligor, shall have been delivered to the Collateral Agent and shall be in full force and effect.

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes, hazardous or toxic substances or wastes, pollutants, solid, liquid or gaseous wastes, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls ("PCBs") or PCB-containing materials or equipment, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING OBLIGATIONS" means, with respect to any person, all obligations of such person in respect of Interest Rate Agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements.

"HOLDER" means the person in whose name a Note is registered in the Register.

"INDEBTEDNESS" of any person means, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued obligations incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed (the amount of any such Indebtedness being deemed to equal the Fair Market Value of such Property), (g) all Guarantees by such person of Indebtedness of others (the amount of any such Indebtedness being deemed to equal the maximum amount for which such person could be liable), (h) all Capital Lease Obligations of such person, (i) all net Hedging Obligations of such person and (j) all obligations of such person as an account party in respect of letters of credit and banker's acceptances (other than trade letters of credit). The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"INDEMNIFIED TAXES" means Taxes other than Excluded Taxes.

"INDEMNITEE" is defined in Section 9.05(b).

"INDEMNITY, SUBROGATION AND CONTRIBUTION AGREEMENT" means the Indemnity, Subrogation and Contribution Agreement, substantially in the form of Exhibit J, among the Borrower, the Subsidiary Guarantors and the Collateral Agent.

"INTEREST PAYMENT DATE" means (a) with respect to any Loan (other than a Swingline Loan), the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months duration been applicable to such Borrowing, and, in addition, the date of any prepayment of such Borrowing or continuation or conversion of such Borrowing as or to a Borrowing of a different Type and (b) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"INTEREST PERIOD" means

(a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect; and,

(b) as to any ABR Borrowing (other than a Swingline Loan), the period commencing on the date of such Borrowing and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Revolving Credit Maturity Date or the Term Loan Maturity Date, as applicable, and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with Section 2.10 or repaid or prepaid in accordance with Section 2.11, 2.12 or 2.13;

PROVIDED, HOWEVER, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day.

"INTEREST RATE AGREEMENT" means, for any person, any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other similar agreement designed to protect against fluctuations in interest rates.

"INVESTMENT" by any person means any direct or indirect loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of such person), advance or other extension of credit or capital contribution (by means of transfers of cash or other property or assets to others or payments for property or assets or services for the account or use of others, or otherwise) to, or incurrence of a Guarantee of any obligation of, or purchase or acquisition of Equity Interests, Rights, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other person. In determining the amount of any Investment made by transfer of any property or assets other than cash, such property or assets shall be valued at the Fair Market Value thereof.

"ISSUANCE REQUEST" means a letter of credit issuance request delivered by the Borrower to the Administrative Agent in the form of Exhibit E or such other form as shall be approved by the Administrative Agent and the Issuing Bank.

"ISSUING BANK" is defined in the preamble and Section 2.22(i).

"ISSUING BANK FEES" is defined in Section 2.05(d).

"L/C COMMITMENT" means the commitment of the Issuing Bank to issue Letters of Credit pursuant to Section 2.22.

"L/C DISBURSEMENT" means a payment or disbursement made by the Issuing Bank pursuant to a Letter of Credit.

"L/C EXPOSURE" means at any time the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit, PLUS (b) the aggregate principal amount of all L/C Disbursements. The L/C Exposure of any Revolving Credit Lender at any time means its Revolving Percentage of the aggregate L/C Exposure at such time.

"L/C PARTICIPATION FEES" is defined in Section 2.05(d).

"LENDERS" means (a) the financial institutions listed on Annex 1 (other than any such financial institution that has ceased to be a party hereto pursuant to an Assignment and Acceptance) and (b) any financial institution that has become a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"LETTER OF CREDIT" means any letter of credit issued pursuant to Section 2.22.

"LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Service (or any successor or substitute page of such service, or any successor or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO RATE" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits approximately equal in principal amount to the Administrative Agent's portion of such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"LIEN" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third

party with respect to such securities.

"LOANS" means the Revolving Loans, the Term Loans and the Swingline Loans.

"MARGIN STOCK" is defined in Regulation U.

"MATERIAL ADVERSE EFFECT" means (a) a material adverse change in the business, assets, operations, properties, condition (financial or otherwise), contingent liabilities, prospects or material agreements of the Borrower and the Subsidiaries, taken as a whole, since December 31, 2000, (b) material impairment of the ability of the Borrower to perform any of its obligations under any Credit Document to which it is or will be a party, or (c) material impairment of the rights of or benefits available to the Lenders under any Credit Document.

"MATERIAL INDEBTEDNESS" means Indebtedness (other than the Loans and Letters of Credit), or Hedging Obligations, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount for all such Indebtedness and obligations of $2,000,000 or more. For purposes of determining Material Indebtedness, the "principal amount" of any Hedging Obligation of the Borrower or any Subsidiary at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Obligation were terminated at such time.

"MERGER" means the merger of CCTC with and into TravCorps, in which substantially all shares of capital stock of TravCorps will be converted into the right to receive 1,520,000 shares of common stock of the Borrower, and TravCorps will become a direct wholly owned subsidiary of the Borrower.

"MERGER AGREEMENT" means the Agreement and Plan of Merger dated as of October 29, 1999, by and among the Borrower, CCTC and certain stockholders of the Borrower, and TravCorps and the stockholders of TravCorps.

"MOODY'S" means Moody's Investors Service, Inc.

"MORTGAGED PROPERTIES" means the real properties of the Borrower and the Domestic Subsidiaries (other than leasehold and subleasehold interests in real properties) hereafter acquired by any of the Borrower and the Domestic Subsidiaries.

"MORTGAGES" means mortgages, deeds of trust, leasehold mortgages, assignments of leases and rents, modifications and other security documents reasonably satisfactory to the Collateral Agent, delivered pursuant to Section 5.10.

"MSDW FUNDS" means Morgan Stanley Dean Witter Capital Partners IV, L.P., MSDW IV 892 Investors, L.P., Morgan Stanley Dean Witter Capital Investors IV, L.P., Morgan Stanley Venture Partners III, L.P., Morgan Stanley Venture Investors III, L.P., and The Morgan Stanley Venture Partners Entrepreneur Fund, L.P.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET CASH PROCEEDS" means (a) with respect to any Asset Disposition, the cash proceeds thereof, including any cash received in respect of any non-cash proceeds, but only as and when

received, and any insurance or condemnation proceeds, net of (i) costs of sale (including payment of the outstanding principal amount of, premium or penalty, if any, interest and other amounts on any Indebtedness (other than Loans) required to be repaid under the terms thereof as a result of such Asset Disposition), (ii) taxes attributable to such Asset Disposition in respect of the year in which such Asset Disposition occurs as a direct result thereof and (iii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations associated with such Asset Disposition (PROVIDED that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds), and (b) with respect to any Equity Issuance or any issuance or other disposition of Indebtedness for borrowed money, the cash proceeds thereof net of underwriting commissions or placement fees and expenses directly incurred in connection therewith. For purposes of the foregoing, the Net Cash Proceeds of any disposition of assets through the formation of a joint venture or similar arrangement will be deemed to include all amounts received by the Borrower and the Subsidiaries from such joint venture or other arrangement or the sponsors thereof (other than the Borrower or any Subsidiary), whether characterized as purchase price, license fees or otherwise, other than amounts representing the Borrower's or the Subsidiaries' share of net income of such joint venture or other arrangement.

"NET WORKING CAPITAL" means, at any date, (a) the consolidated current assets of the Borrower and the Subsidiaries as of such date (excluding cash and Permitted Investments) MINUS (b) the consolidated current liabilities of the Borrower and the Subsidiaries as of such date (excluding current liabilities in respect of Indebtedness). Net Working Capital at any date shall be a positive number. Net Working Capital increases when it becomes more positive and decreases when it becomes less positive.

"NOTES" means any promissory notes delivered pursuant to Section 2.04(e).

"OBLIGATION CURRENCY" is defined in Section 9.16.

"OBLIGATIONS" means (a) the due and punctual payment by the Borrower or the applicable Obligors of (i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrower under the Credit Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Obligors to the Administrative Agent, the Collateral Agent, the Lenders, the Issuing Bank or any other person under the Credit Agreement and the other Credit Documents, (b) the due and punctual payment and performance of all covenants, agreements, obligations and liabilities of the Obligors, monetary or otherwise, under or pursuant to the Credit Documents and (c) the due and punctual payment and performance of all Hedging Obligations of the Borrower or any Subsidiary, monetary or otherwise, under each hedging agreement entered into to limit interest rate risk with a counterparty that was a Lender at the time such hedging agreement was entered into.

"OBLIGEES" means each Lender, the Issuing Bank, the Arranger, the Administrative Agent,

the Collateral Agent, the Syndication Agent, the Documentation Agent, each other "Secured Party" as defined in any Collateral Document, each counterparty to an Interest Rate Agreement entered into with the Borrower if such counterparty was a Lender at the time the Interest Rate Agreement was entered into, the beneficiaries of each indemnification obligation undertaken by the Borrower under any Credit Document, and the successors and permitted assigns of each of the foregoing.

"OBLIGORS" means the Borrower and each Subsidiary that is, or is required by this Agreement to be, a party to the Subsidiary Guarantee Agreement or any Collateral Document.

"OFFICER" of any person means the Chief Executive Officer, the Chief Operating Officer or the Chief Financial Officer responsible for the administration of the obligations of such person in respect of this Agreement.

"ORIGINAL CLOSING DATE" means July 29, 1999.

"OTHER TAXES" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"PERFECTION CERTIFICATE" means the Perfection Certificate substantially in the form of Annex 2 to the Security Agreement.

"PERMITTED ACQUISITION" means an Asset Acquisition or a Stock Acquisition which in either case satisfies each of the following conditions:

(a) the Administrative Agent shall receive at least 30 days' prior written notice of such proposed Permitted Acquisition, which notice shall include a detailed description of such proposed Permitted Acquisition including, without limitation, financial statements of the Target and a description of the business rationale of such acquisition;

(b) with respect to any single acquisition or series of related acquisitions, at least 75% of the revenues of the entity to be acquired for the four fiscal quarters of such entity most recently ended shall be attributable to operations located in the United States;

(c) in the case of an Asset Acquisition, such assets shall comprise a business, or assets of a business, of a type which is the same line of business as the Borrower, or which is a related or complementary business to that of the Borrower; and in the case of a Stock Acquisition, the business of the Target shall be of a type which is the same line of business as that of the Borrower, or which is a related or complementary business to that of the Borrower; PROVIDED, HOWEVER, that no such acquisition would require the Administrative Agent or any Lender to obtain regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Credit Documents other than approvals required for the exercise of such rights and remedies with respect to the Borrower prior to such Permitted Acquisition;

(d) in the case of a Stock Acquisition, after giving effect thereto, the Target will either be merged with and into the Borrower, or shall be a wholly owned Subsidiary of the Borrower; PROVIDED, HOWEVER, that management and pre-acquisition holders of the Equity Interests of the Target may own up to 10% in the aggregate of the Equity Interests of such Subsidiary following such Permitted Acquisition so long as no more than two Subsidiaries that are less than wholly owned Subsidiaries are created or acquired during the term of this Agreement;

(e) in the case of a Stock Acquisition, such Permitted Acquisition shall be consensual and shall have been approved by the Target's board of directors;

(f) no additional Indebtedness, Guarantees, or other liabilities shall be incurred, assumed or otherwise be reflected on a consolidated balance sheet of the Borrower after giving effect to such Permitted Acquisition, except (i) Indebtedness permitted under Section 6.01 and operating leases, (ii) ordinary course trade payables and accrued expenses of the Target, and (iii) Indebtedness incurred in contemplation of such acquisition for the purpose of financing such acquisition consisting of Revolving Loans;

(g) the sum of all amounts paid or payable in connection with any single Permitted Acquisition (including all transaction costs and all Indebtedness and Guarantees and other contingent obligations incurred or assumed in connection therewith (whether or not reflected on a consolidated balance sheet of the Borrower) after giving effect to the Permitted Acquisition) shall not exceed $10,000,000;

(h) the business and assets acquired in such Permitted Acquisition shall be free and clear of all Liens (other than Liens permitted under Section 6.02);

(i) concurrently with delivery of the notice referred to in clause (a), the Borrower shall have delivered to the Administrative Agent a pro forma consolidated balance sheet and statement of income of the Borrower and its Subsidiaries (the "ACQUISITION PRO FORMA FINANCIAL STATEMENTS"), based on financial data for the period of four fiscal quarters most recently ended and giving pro forma effect to (i) such Permitted Acquisition, (ii) any related incurrences of Indebtedness and (iii) any operating expense reductions permitted by Regulation S-X under the Exchange Act, in each case as if they had occurred at the beginning of such period, and such Acquisition Pro Forma Financial Statements shall reflect that, on a pro forma basis, no Event of Default shall have occurred and be continuing or would result after giving effect to such Permitted Acquisition;

(j) the Borrower shall have delivered a certificate of the Chief Financial Officer of the Borrower to the effect that: (i) the Borrower will be solvent upon the consummation of the Permitted Acquisition and (ii) the Acquisition Pro Forma Financial Statements fairly present in all material respects the financial condition of the Borrower and the Subsidiaries (on a consolidated basis) as of the date thereof after giving effect to the Permitted Acquisition;

(k) except where substantially all of the consideration for such acquisition consists of common stock of the Borrower, on or prior to the date of such Permitted Acquisition, the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, all opinions, certificates, lien search results and

other documents reasonably requested by the Administrative Agent;

(l) the Administrative Agent and the Lenders shall have received Phase I environmental reports (reasonably satisfactory in scope and substance to the Administrative Agent) with respect to any owned property to be acquired;

(m) if applicable, the Collateral Agent shall have received the documents specified in clause (c) of the definition of "Collateral Requirement"; and

(n) at the time of such Permitted Acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing.

Notwithstanding the immediately preceding clauses (a)-(m), an Asset Acquisition or a Stock Acquisition will be deemed a Permitted Acquisition if approved in writing by the Required Lenders.

"PERMITTED HOLDER" means (a) Charterhouse or any entity controlled by the principals of Charterhouse Group International, Inc. and (b) MSDW Funds or any entity controlled by the principals of the private equity group of Morgan Stanley Dean Witter & Co.

"PERMITTED INVESTMENTS" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 180 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days of the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any Lender or any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) other investment instruments approved in writing by the Required Lenders.

"PERSON" means any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"PLAN" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 307 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PLEDGE AGREEMENT" means the Pledge Agreement substantially in the form of Exhibit I

between the Borrower, the Subsidiaries party thereto and the Collateral Agent for the benefit of the Obligees.

"PREFERRED STOCK" means any Equity Interest of a person, however designated, which entitles the holder thereof to a preference with respect to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such person, over shares of any other class of Equity Interests issued by such person.

"PRICING ADJUSTMENT CERTIFICATE" means a pricing adjustment certificate delivered by the Borrower to the Administrative Agent in the form of Exhibit D or such other form as shall be approved by the Administrative Agent setting forth the Pricing Margin.

"PRICING MARGIN" means, for any day, with respect to any Eurodollar Loan or ABR Loan, as the case may be, the applicable percentage set forth below under the caption "Eurodollar Spread" or "ABR Spread", as the case may be, based upon the Senior Debt/Adjusted EBITDA Ratio as of the fiscal quarter end immediately preceding the most recent Determination Date:

SENIOR DEBT/ADJUSTED EBITDA RATIO	Eurodollar SPREAD	ABR SPREAD
CATEGORY 1 Greater than or equal to 3.0 to 1.0	3.00%	2.00%
CATEGORY 2 Less than 3.0 to 1.0 but greater than or equal to 2.5 to 1.0	2.75%	1.75%
CATEGORY 3 Less than 2.5 to 1.0 but greater than or equal to 2.0 to 1.0	2.375%	1.375%
CATEGORY 4 Less than 2.0 to 1.0 but greater than or equal to 1.5 to 1.0	2.00%	1.00%
CATEGORY 5 Less than 1.5 to 1.0	1.625%	0.625%

; PROVIDED that (a) until the Determination Date next following September 30, 2001, and (b) at any time when the Borrower has failed to deliver any financial statements and certificates required to have been delivered under Section 5.04(a) or (b), the Pricing Margin shall be determined by reference to Category 1.

Each change in the Pricing Margin resulting from a change in the Senior Debt/Adjusted EBITDA Ratio shall be effective with respect to all Letters of Credit, Loans and Commitments outstanding on and after the date of delivery to the Administrative Agent of the financial statements and certificates required by Section 5.04(a) or (b) indicating such change until the date immediately preceding the next date of delivery of such financial statements and certificates indicating another such change. Notwithstanding the foregoing, (a) at any time during which the Borrower has failed to deliver the financial statements and certificates required by Section 5.04(a) or (b), or (b) at any time after the occurrence and during the continuance of an Event of Default, the Senior Debt/Adjusted EBITDA Ratio shall be deemed to be in Category 1 for purposes of determining the Pricing Margin.

"PRIME RATE" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective.

"REDEEMABLE STOCK" means, with respect to any person, any Equity Interest that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in either case at the option of the holder thereof,) or otherwise (a) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise, (b) is or may become redeemable or repurchaseable at the option of the holder thereof, in whole or in part, or (c) is convertible or exchangeable, in either case at the option of the holder thereof, for Debt or Disqualified Stock.

"REGISTER" is defined in Section 9.04(d).

"REGULATION U" means Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"REGULATION X" means Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"RELEASE" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, dispersing, emanating or migrating of any Hazardous Material in, into, onto or through the environment.

"REMEDIAL ACTION" means (a) "remedial action" as such term is defined in CERCLA, 42 U.S.C. Section 9601(24), and (b) all other actions required by any Governmental Authority or voluntarily undertaken to: (i) cleanup, remove, treat, abate or in any other way address any Hazardous Material in the environment; (ii) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not migrate or endanger or threaten to endanger public health, welfare or the environment; or (iii) perform studies and investigations in connection with, or as a precondition to, clause (i) or (ii).

"REQUIRED LENDERS" means, at any time, Lenders having unused Revolving Credit Commitments, Revolving Credit Exposures, unused Term Commitments and Term Loans representing at least a majority of the sum of all unused Revolving Credit Commitments, Revolving Credit Exposures, unused Term Commitments and Term Loans at such time.

"REVOLVING CREDIT BORROWING" means a Borrowing comprised of Revolving Loans.

"REVOLVING CREDIT COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder as set forth in Annex 1 or in the Assignment and Acceptance pursuant to which such Lender assumed its Revolving Credit Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 or pursuant to Section 2.21 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04.

"REVOLVING CREDIT EXPOSURE" means, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender, PLUS the aggregate amount at such time of such Lender's L/C Exposure and Swingline Exposure.

"REVOLVING CREDIT LENDER" means a Lender with a Revolving Credit Commitment.

"REVOLVING CREDIT MATURITY DATE" means July 29, 2005.

"REVOLVING LOANS" means the revolving loans made by the Lenders to the Borrower pursuant to clause (b) of Section 2.01. Each Revolving Loan shall be a Eurodollar Loan or an ABR Loan.

"REVOLVING PERCENTAGE" of any Revolving Credit Lender at any time means the percentage of the Total Revolving Credit Commitment represented by such Lender's Revolving Credit Commitment. In the event the Revolving Credit Commitments shall have been terminated, the Revolving Percentages of the Revolving Credit Lenders shall be determined by reference to the Revolving Credit Commitments most recently in effect (giving effect to any assignments pursuant to Section 9.04).

"RIGHTS" shall mean, with respect to any person, warrants, options or other rights to acquire Equity Interests in such person.

"S&P" means Standard & Poor's Ratings Service, a division of McGraw-Hill, Inc.

"SECOND RESTATEMENT CLOSING DATE" means the date on which the conditions specified in Section 4.02 are satisfied (or waived in accordance with Section 9.08).

"SECOND RESTATEMENT CLOSING DATE TRANSACTIONS" shall mean the borrowings hereunder on the Second Restatement Closing Date, the creation of the Liens provided for in the Collateral Documents, the Clinforce Acquisition and the payment of the Transaction Costs.

"SECURITIES ACT" means the Securities Act of 1933, as amended and in effect from time to time.

"SECURITY AGREEMENT" means the Security Agreement substantially in the form of Exhibit H between the Borrower, the Subsidiaries party thereto and the Collateral Agent for the benefit of the Obligees.

"SENIOR DEBT" means any Debt of the Borrower and the consolidated Subsidiaries other than the Subordinated Debt and any other Debt that is expressly subordinated in right of payment to the Obligations on terms approved in writing by the Agent.

"SENIOR DEBT/ADJUSTED EBITDA RATIO" is defined in Section 6.14.

"STATUTORY RESERVES" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate, or other fronting office making or holding a Loan) is subject for Eurodollar Liabilities (as defined in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute Eurodollar Liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under

such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"STOCK ACQUISITION" means an acquisition of Equity Interests of any person.

"STOCK PURCHASE AGREEMENT" means the stock purchase agreement dated as of December 15, 2000 between the Borrower and Edgewater Technology, Inc., a Delaware corporation, pursuant to which the Borrower will acquire the stock of Clinforce.

"SUBORDINATED DEBT" means $30,000,000 aggregate principal amount of Subordinated Notes issued pursuant to the Subordinated Debt Agreement and any additional Subordinated Notes issued in payment of accrued interest in respect of the Subordinated Notes in accordance with the terms of the Subordinated Debt Agreement and the Subordinated Notes as in effect on the Original Closing Date.

"SUBORDINATED DEBT AGREEMENT" means the Purchase Agreement dated as of July 29, 1999, between the Borrower and the purchasers named therein, as in effect on December 16, 1999.

"SUBORDINATED NOTES" means the 12% Senior Subordinated Pay-in-kind Notes due 2006 of the Borrower.

"SUBSIDIARY" means, with respect to any person (herein referred to as the "PARENT"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"SUBSIDIARY" means any subsidiary of the Borrower other than the Excluded Subsidiary.

"SUBSIDIARY GUARANTEE AGREEMENT" means the Subsidiary Guarantee Agreement, substantially in the form of Exhibit G, made by the Subsidiary Guarantors in favor of the Collateral Agent for the benefit of the Obligees.

"SUBSIDIARY GUARANTOR" means each Subsidiary that becomes a party to the Subsidiary Guarantee Agreement.

"SUPPLEMENTAL INFORMATION MEMORANDUM" means the Supplemental Information Memorandum of the Borrower dated March 2001.

"SWINGLINE EXPOSURE" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Revolving Percentage of the total Swingline Exposure at such time.

"SWINGLINE LENDER" is defined in the preamble and Section 2.23(d).

"SWINGLINE LOAN" means a Loan made pursuant to Section 2.23.

"SYNDICATION AGENT" is defined in the preamble.

"TARGET" means a person whose Equity Interests are the subject of a proposed Permitted Acquisition.

"TAXES" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"TRANCHE A-1 LENDER" means a Lender with a Tranche A-1 Commitment or an outstanding Tranche A-1 Term Loan.

"TRANCHE A-2 LENDER" means a Lender with a Tranche A-2 Commitment or an outstanding Tranche A-2 Term Loan.

"TRANCHE A-1 TERM BORROWING" means a Borrowing comprised of Tranche A-1 Term Loans.

"TRANCHE A-2 TERM BORROWING" means a Borrowing comprised of Tranche A-2 Term Loans.

"TRANCHE A-1 TERM COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Tranche A-1 Term Loans hereunder as set forth on Annex 1, or in the Assignment and Acceptance pursuant to which such Lender assumed its Tranche A-1 Term Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04.

"TRANCHE A-2 TERM COMMITMENT" means, with respect to each Lender, the commitment of such Lender to make Tranche A-2 Term Loans hereunder as set forth on Annex 1, or in the Assignment and Acceptance pursuant to which such Lender assumed its Tranche A-2 Term Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04.

"TRANCHE A-1 TERM LOANS" means the term loans made by the Lenders to the Borrower pursuant to the Existing Credit Agreement. Each Tranche A-1 Term Loan shall be a Eurodollar Loan or an ABR Loan.

"TRANCHE A-2 TERM LOANS" means the term loans made by the Lenders to the Borrower pursuant to clause (b) of Section 2.01 of this Agreement. Each Tranche A-2 Term Loan shall be a Eurodollar Loan or an ABR Loan.

"TERM LOANS" means Tranche A-1 Term Loans and Tranche A-2 Term Loans.

"TERM LOAN MATURITY DATE" means July 29, 2005.

"TRANCHE A-1 TERM LOAN REPAYMENT DATES" is defined in Section 2.11(a).

"TRANCHE A-2 TERM LOAN REPAYMENT DATES" is defined in Section 2.11(a).

"TOTAL REVOLVING CREDIT COMMITMENT" means, at any time, the aggregate amount of the Revolving Credit Commitments, as in effect at such time.

"TRANSACTIONS" means the execution, delivery and performance by each Credit Party of each of the Credit Documents, the Second Restatement Closing Date Transactions and the Borrowings and issuances of Letters of Credit hereunder after the Second Restatement Closing Date.

"TRANSACTION COSTS" means fees and expenses associated with the Second Restatement Closing Date Transactions.

"TRANSACTION DOCUMENTS" means the Stock Purchase Agreement (including the exhibits and schedules thereto), and any other agreement, instrument or other document to be entered into or delivered by, between or among the Borrower, Edgewater Technologies, Inc. and any of their respective Affiliates in connection with the Clinforce Acquisition and the other Transactions, as each such agreement, instrument or document may be amended, modified or supplemented from time to time in accordance with the terms thereof and hereof.

"TRAVCORPS" means TravCorps Corporation, a Delaware corporation.

"TRAVCORPS OPTION CANCELLATION EXPENSE" means the amount payable by TravCorps to its option holders and the related amount payable by the Borrower to certain persons pursuant to Section 5.13 of the Merger Agreement.

"TREASURY RATE" means (i) the rate borne by direct obligations of the United States maturing on the tenth anniversary of the Original Closing Date and (ii) if there are not such obligations, the rate determined by linear interpolation between the rates borne by two direct obligations of the United States maturing closest to, but straddling, the tenth anniversary of the Original Closing Date, in each case as published by the Board.

"TYPE", when used in respect of any Loan or Borrowing, refers to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "RATE" shall include the Adjusted LIBO Rate and the Alternate Base Rate.

"VOTING STOCK" of a corporation means all classes of Equity Interests of such corporation then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"WHOLLY OWNED SUBSIDIARY" of any person means a subsidiary of such person of which securities (except for directors' qualifying shares) or other ownership interests representing 100% of the equity or 100% of the ordinary voting power or 100% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by such person or one or more wholly owned subsidiaries of such person or by such person and one or more wholly owned subsidiaries of such person.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION I.2. TERMS GENERALLY. The definitions in Section 1.01 apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, (a) any reference in this Agreement to any Credit Document means such document as amended, restated, supplemented or otherwise modified from time to time and (b) all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, applied on a basis consistent with the application used in the financial statements referred to in Section 3.05(a); PROVIDED, HOWEVER, that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Second Restatement Closing Date in GAAP or in the application thereof on the operation of any provision hereof (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

SECTION I.3. PRO FORMA COMPUTATIONS. All computations required to be made hereunder to demonstrate pro forma compliance with any covenant after giving effect to any acquisition, investment, sale, disposition or similar event shall reflect on a pro forma basis such event and, to the extent applicable, the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, but shall not take into account any projected synergies or similar benefits expected to be realized as a result of such event, except for operating expense reductions permitted by Regulation S-X under the Exchange Act.

ARTICLE II

THE CREDITS

SECTION 2.01. COMMITMENTS. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly,

(a) to make Tranche A-2 Term Loans to the Borrower, in dollars, on the Second Restatement Closing Date, in an aggregate principal amount not to exceed its Tranche A-2 Term Commitment, and

(b) to make Revolving Loans to the Borrower, in dollars, at any time and from time to time on or after the Original Closing Date, and until the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Lender's Revolving Credit Exposure exceeding such Lender's Revolving Credit Commitment.

Within the limits set forth above and subject to the terms, conditions and limitations set forth herein, the Borrower may borrow, pay or prepay and reborrow Revolving Loans. Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. LOANS. (a) Each Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Revolving Credit Commitments; PROVIDED, HOWEVER, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder, and no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender. Except for Loans deemed made pursuant to Section 2.02(f) and Swingline Loans, the Loans comprising any Borrowing shall be in an aggregate principal amount that is (i) in the case of Eurodollar Loans, (A) an integral multiple of $1,000,000 and not less than $3,000,000 or (B) equal to the remaining available balance of the applicable Commitments and (ii) in the case of ABR Loans, (A) an integral multiple of $100,000 and not less than $300,000 or (B) equal to the remaining available balance of the applicable Commitments; PROVIDED, HOWEVER, that the Borrower may from time to time make a Eurodollar Revolving Credit Borrowing that is an aggregate principal amount that is an integral multiple of $100,000 and not less than $300,000 so long as no other Eurodollar Revolving Credit Borrowing that is in an aggregate principal amount of less than $3,000,000 is then outstanding. Each Swingline Loan shall be in an amount that is an integral multiple of $100,000 and not less than $300,000.

(b) Subject to Sections 2.08 and 2.15, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request pursuant to Section 2.03; PROVIDED, HOWEVER, that each Swingline Loan shall be an ABR Loan. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; PROVIDED, HOWEVER, that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and the applicable Note. Borrowings of more than one Type may be outstanding at the same time; PROVIDED, HOWEVER, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than eight Eurodollar Borrowings outstanding hereunder at any time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Except with respect to Loans made pursuant to Section 2.02(f) and Swingline Loans, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate not later than 11:00 a.m., New York City time, and the Administrative Agent shall by 12:00 (noon), New York City time, credit the amounts so received to an account in the name of the Borrower, maintained with the Administrative Agent and designated by the Borrower in the applicable Borrowing Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with clause (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If the

Administrative Agent shall have so made funds available then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(e) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date.

(f) If the Issuing Bank shall not have received from the Borrower the payment required to be made by Section 2.22(e) within the time specified in such Section, the Issuing Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Revolving Credit Lender of such L/C Disbursement and its Revolving Percentage thereof. Each Revolving Credit Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 2:00 p.m., New York City time, on such date (or, if such Revolving Credit Lender shall have received such notice later than 12:00 (noon), New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Revolving Percentage of such L/C Disbursement (and such amount shall be deemed to constitute an ABR Revolving Loan of such Lender and such payment shall be deemed to have reduced the L/C Exposure), and the Administrative Agent will promptly pay to the Issuing Bank amounts so received by it from the Revolving Credit Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from the Borrower pursuant to Section 2.22(e) prior to the time that any Revolving Credit Lender makes any payment pursuant to this clause; any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Revolving Credit Lenders that shall have made such payments and to the Issuing Bank, as their interests may appear. If any Revolving Credit Lender shall not have made its Revolving Percentage of such L/C Disbursement available to the Administrative Agent as provided above, such Lender and the Borrower severally agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this clause to but excluding the date such amount is paid, to the Administrative Agent for the account of the Issuing Bank at (i) in the case of the Borrower, a rate per annum equal to the interest rate applicable to Revolving Loans pursuant to Section 2.06(a), and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

SECTION 2.03. BORROWING PROCEDURE. In order to request a Borrowing (other than a deemed Borrowing pursuant to Section 2.02(f) or a Swingline Loan, as to which this Section shall not apply), the Borrower shall hand deliver or fax to the Administrative Agent a duly completed Borrowing Request (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before a proposed Borrowing, and (b) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, one Business Day before a proposed Borrowing. Each Borrowing Request shall be irrevocable, shall be signed

by or on behalf of the Borrower and shall specify the following information: (i) whether the Borrowing then being requested is to be a Term Borrowing or a Revolving Credit Borrowing, and whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day), (iii) the number and location of the account to which funds are to be disbursed (which shall be an account that complies with the requirements of Section 2.02(c); (iv) the amount of such Borrowing and (v) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto; PROVIDED, HOWEVER, that, notwithstanding any contrary specification in any Borrowing Request, each requested Borrowing shall comply with the requirements set forth in Section 2.02. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Borrowing. The Administrative Agent shall promptly advise the applicable Lenders of any notice given pursuant to this Section, and of each Lender's portion of the requested Borrowing.

SECTION 2.04. EVIDENCE OF DEBT, REPAYMENT OF LOANS. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Revolving Credit Maturity Date, (ii) to the Administrative Agent for the account of each Lender the principal amount of each Term Loan of such Lender as provided in Section 2.11 and (iii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Revolving Credit Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; PROVIDED, HOWEVER, that on each date that a Revolving Credit Borrowing is made, the Borrower shall repay all Swingline Loans that were outstanding on the date such Borrowing was requested.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower or any Guarantor and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) above shall be prima facie evidence of the existence and amounts of the obligations therein recorded; PROVIDED, HOWEVER, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with their terms.

(e) Notwithstanding any other provision of this Agreement, in the event any Lender shall request and receive a promissory note payable to such Lender and its registered assigns, the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 10.04) be represented by one or more promissory notes payable to the payee named therein or its registered assigns.

SECTION 2.05. FEES. (a) The Borrower agrees to pay to each Lender, through the Administrative Agent, on March 31, June 30, September 30 and December 31 in each year and on each date on which any Revolving Credit Commitment of such Lender shall expire or be terminated as provided herein, a commitment fee (a "COMMITMENT FEE") equal to .50% per annum on the average daily unused amount of the Revolving Credit Commitments of such Lender during the preceding quarter (or other period ending with the Revolving Credit Maturity Date or the date on which the Revolving Credit Commitments of such Lender shall expire or be terminated). For purposes of computing Commitment Fees, a Revolving Credit Commitment of a Lender shall be deemed to be used to the extent of the outstanding Revolving Loans and L/C Exposure of such Lender (and the Swingline Exposure of such Lender shall be disregarded for such purpose). All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to each Lender commenced accruing on the Original Closing Date and shall cease to accrue on the date on which the Revolving Credit Commitment of such Lender shall expire or be terminated as provided herein.

(b) The Borrower agrees to pay to the Administrative Agent, for its own account, the administrative fees set forth in the Fee Letter at the times and in the amounts specified therein (the "ADMINISTRATIVE AGENT Fees").

(c) The Borrower agrees to pay to the Administrative Agent, for payment to the other Lenders (to the extent applicable), on the Second Restatement Closing Date, the other fees, specified in the Fee Letter, and the Administrative Agent shall pay to each Lender on the Second Restatement Closing Date that portion of such fee that shall be owing to such Lender.

(d) The Borrower agrees to pay (i) to each Revolving Credit Lender, through the Administrative Agent, on March 31, June 30, September 30 and December 31 of each year and on the date on which the Revolving Credit Commitment of such Lender shall be terminated as provided herein, a fee (an "L/C PARTICIPATION FEE") calculated on such Lender's Revolving Percentage of the average daily aggregate L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) during the preceding quarter (or shorter period ending with the Revolving Credit Maturity Date or the date on which all Letters of Credit have been canceled or have expired and the Revolving Credit Commitments of all Lenders shall have been terminated) at a rate per annum equal to the Pricing Margin used to determine the interest rates applicable to Eurodollar Loans, and (ii) to the Issuing Bank, on March 31, June 30, September 30 and December 31 of each year and on the Revolving Credit Maturity Date or the date on which all Letters of Credit have been canceled or have expired and the Revolving Credit Commitments of all Lenders shall have been terminated, a fronting fee of .25% per annum on the average daily aggregate L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) during the preceding quarter (or shorter period ending with the Revolving Credit Maturity Date or the date on which all Letters of Credit have been canceled or have expired and the Revolving Credit Commitments of all Lenders shall have been terminated), as well as the standard issuance and drawing fees specified from time to time by the Issuing Bank (the "ISSUING BANK FEES"). All L/C Participation Fees and Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(e) The Borrower agrees to pay to each Lender, through the Administrative Agent, on the Second Restatement Closing Date, an amendment fee (the "AMENDMENT FEE") in an amount equal to 0.25% of the sum of the (a) outstanding Tranche A-1 Term Loans, (b) outstanding Revolving Loans and (c) unused Revolving Credit Commitments of such Lender; PROVIDED that such Lender executes this Agreement on or before the Second Restatement Closing Date.

All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that the Issuing Bank Fees shall be paid directly to the Issuing Bank. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.06. INTEREST ON LOANS. (a) Subject to the provisions of Section 2.08, the Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate plus the Pricing Margin in effect from time to time.

(b) Subject to the provisions of Section 2.08, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Pricing Margin in effect from time to time.

(c) Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period, and shall be payable on outstanding amounts from and including the date such amounts are borrowed to but excluding the day such amounts are repaid. Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. The applicable Alternate Base Rate or Adjusted LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.07. DEFAULT INTEREST. If the Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, or under any other Credit Document, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount to but excluding the date of actual payment (after as well as before judgment) (a) in the case of overdue principal, at the rate otherwise applicable to such Loan pursuant to Section 2.06 plus 2.00% per annum, and (b) in all other cases, at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) equal to the rate that would be applicable to an ABR Revolving Loan plus 2.00%.

SECTION 2.08. ALTERNATE RATE OF INTEREST. In the event and on each occasion that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately reflect the cost to any Lender of making or maintaining its Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or fax notice of such determination to the Borrower and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.03 or 2.10 shall be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive

absent manifest error.

SECTION 2.09. TERMINATION AND REDUCTION OF COMMITMENTS. (a) The Term Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Second Restatement Closing Date. The Revolving Credit Commitments and the L/C Commitment shall automatically terminate at 5:00 p.m., New York City time, on the Revolving Credit Maturity Date.

(b) The Revolving Credit Commitments shall be automatically reduced as provided in Section 2.13.

(c) Upon at least three Business Days prior irrevocable written or fax notice to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Revolving Credit Commitments; PROVIDED, HOWEVER, that (i) each partial reduction of Revolving Credit Commitments shall be in (1) an integral multiple of $1,000,000 and in a minimum amount of $3,000,000 or (2) in the full remaining amount of the Revolving Credit Commitments, as the case may be, and (ii) the Total Revolving Credit Commitment shall not be reduced to an amount that is less than the sum of the Aggregate Revolving Credit Exposure at the time.

(d) Each reduction in the Revolving Credit Commitments hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrower shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each termination or reduction, the Commitment Fees on the amount of the Revolving Credit Commitments so terminated or reduced accrued to but excluding the date of such termination or reduction.

SECTION 2.10. CONVERSION AND CONTINUATION OF BORROWINGS. The Borrower shall have the right at any time by delivery of a Continuation/Conversion Request to the Administrative Agent (a) not later than 12:00 (noon), New York City time, one Business Day prior to conversion, to convert any Eurodollar Borrowing into an ABR Borrowing, (b) not later than 10:00 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Borrowing or to continue any Eurodollar Borrowing as a Eurodollar Borrowing for an additional Interest Period, and (c) not later than 10:00 a.m., New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Borrowing to another permissible Interest Period, subject in each case to the following:

(i) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Borrowing;

(ii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall satisfy the limitations specified in Sections 2.02(a) and 2.02(b) regarding the principal amount and maximum number of Borrowings of the relevant Type;

(iii) each conversion shall be effected by each Lender and the Administrative Agent by recording for the account of such Lender the new Loan of such Lender resulting from such conversion and reducing the Loan (or portion thereof) of such Lender being

converted by an equivalent principal amount; accrued interest on any Eurodollar Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(iv) if any Eurodollar Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.16;

(v) any portion of a Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Borrowing;

(vi) any portion of a Eurodollar Borrowing that cannot be converted into or continued as a Eurodollar Borrowing by reason of the immediately preceding clause shall be automatically converted at the end of the Interest Period in effect for such Borrowing into an ABR Borrowing;

(vii) no Interest Period may be selected for any Eurodollar Term Borrowing that would end later than a Term Loan Repayment Date occurring on or after the first day of such Interest Period if, after giving effect to such selection, the aggregate outstanding amount of (A) the Eurodollar Term Borrowings with Interest Periods ending on or prior to such Term Loan Repayment Date and (B) the ABR Term Borrowings would not be at least equal to the principal amount of Term Borrowings to be paid on such Term Loan Repayment Date;

(viii) no Interest Period applicable to a Revolving Loan may end later than the Revolving Credit Maturity Date, and no Interest Period applicable to a Term Loan may end later than the Term Loan Maturity Date; and

(ix) upon notice to the Borrower from the Administrative Agent given at the request of the Required Lenders, after the occurrence and during the continuance of a Default or Event of Default, no outstanding Loan may be converted into, or continued as, a Eurodollar Loan.

Each notice pursuant to this Section shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Borrowing that the Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall advise the Lenders of any notice given pursuant to this Section and of each Lender's portion of any converted or continued Borrowing. If the Borrower shall not have given notice in accordance with this Section to continue any Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section to convert such Borrowing), such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing. This Section shall not apply to Swingline Loans, which may not be converted or continued.

SECTION 2.11. REPAYMENT OF BORROWINGS. (a) The Borrower shall pay to the Administrative Agent, for the account of the Lenders, on each of the dates set forth below, or if any such date is not a Business Day, on the next succeeding Business Day (each such date being a "TERM LOAN REPAYMENT DATE"), a principal amount of the Term Loans (as adjusted from time to time pursuant to paragraph (b) below and Sections 2.12(b) and 2.13(f)) equal to the amount set forth below opposite such date, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment:

REPAYMENT DATE	TRANCHE A-1	TRANCHE A-2
March 31, 2001	$3,100,000	
June 30, 2001	3,100,000	
September 30, 2001	3,100,000	$1,000,000
December 31, 2001	3,100,000	1,000,000
March 31, 2002	5,040,000	1,000,000
June 30, 2002	5,040,000	1,000,000
September 30, 2002	5,040,000	1,000,000
December 31, 2002	5,040,000	1,000,000
March 31, 2003	7,400,000	1,500,000
June 30, 2003	7,400,000	1,500,000
September 30, 2003	7,400,000	1,500,000
December 31, 2003	7,400,000	1,500,000
March 31, 2004	8,680,000	2,750,000
June 30, 2004	8,680,000	2,750,000
September 30, 2004	8,680,000	2,750,000
December 31, 2004	8,680,000	2,750,000
March 31, 2005	9,000,000	3,500,000
July 29, 2005	9,000,000	3,500,000

(b) If any Term Commitments shall be reduced or shall expire or terminate other than as a result of the making of a Term Loan, the installments payable on each Term Loan Repayment Date will be reduced pro rata by an aggregate amount equal to the amount of such reduction, expiration or termination.

(c) To the extent not previously paid, all Term Loans shall be due and payable on the Term Loan Maturity Date, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

(d) To the extent not previously paid, all Revolving Loans shall be due and payable on

the Revolving Credit Maturity Date.

(e) All repayments pursuant to this Section shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

SECTION 2.12. OPTIONAL PREPAYMENT. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least (i) in the case of Eurodollar Borrowings, three Business Days' or (ii) in the case of ABR Borrowings (other than Swingline Loans) one Business Day's prior written or fax notice (or telephone notice promptly confirmed by written or fax notice) to the Administrative Agent (and in the case of Swingline Loans, the Swingline Lender) before 11:00 a.m., New York City time (or, in the case of any prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment); PROVIDED, HOWEVER, that each partial prepayment shall be in an amount that would be permitted in the case of the advance of a Borrowing of the same type as provided in Section 2.02.

(b) Each optional prepayment of Term Loans under this Agreement shall be applied to prepay the Tranche A-1 Term Loans and the Tranche A-2 Term Loans ratably in accordance with the aggregate outstanding principal amounts thereof. Optional prepayments of Term Loans of either Tranche shall be applied first to the installments of principal of such Tranche due in respect of the four Term Loan Repayment Dates next following the date of such prepayment and then pro rata against the remaining scheduled installments of principal due in respect of the Term Loans of such Tranche.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.13. MANDATORY PREPAYMENTS. (a) In the event of any termination of all the Revolving Credit Commitments, the Borrower shall repay or prepay all its outstanding Revolving Credit Borrowings on the date of such termination. In the event of any partial reduction of the Revolving Credit Commitments, then (i) at or prior to the effective date of such reduction, the Administrative Agent shall notify the Borrower and the Revolving Credit Lenders of the Aggregate Revolving Credit Exposure after giving effect thereto and (ii) if the Aggregate Revolving Credit Exposure at the time would exceed the Total Revolving Credit Commitment after giving effect to such reduction or termination, then the Borrower shall, on the date of such reduction or termination, repay or prepay Revolving Credit Borrowings or Swingline Loans (and, after no Revolving Credit Borrowings or Swingline Loans shall remain outstanding, deposit cash with the Collateral Agent to secure Obligations in respect of outstanding Letters of Credit) in an amount sufficient to eliminate such excess.

(b) Not later than the Business Day following the completion of any Asset Disposition, the Borrower shall apply 100% of the Net Cash Proceeds received with respect thereto to prepay outstanding Term Loans and, if the Term Loans shall have been paid in full, to prepay Revolving Loans or Swingline Loans and, after no Revolving Credit Borrowings or Swingline Loans shall remain outstanding, to deposit cash with the Collateral Agent to secure Obligations in respect of outstanding Letters of Credit (and the Revolving Credit Commitments shall be simultaneously

and permanently reduced by an amount equal to 100% of such Net Cash Proceeds less any amount thereof used to prepay Term Loans).

(c) Not later than ten Business Days following the receipt by the Borrower or any Subsidiary of Net Cash Proceeds from any Equity Issuance, the Borrower shall apply an amount equal to 100% of such Net Cash Proceeds to prepay outstanding Term Loans and, if the Term Loans shall have been paid in full, to prepay Revolving Loans or Swingline Loans and, after no Revolving Credit Borrowings or Swingline Loans shall remain outstanding, to deposit cash with the Collateral Agent to secure Obligations in respect of outstanding Letters of Credit (and the Revolving Credit Commitments shall be simultaneously and permanently reduced by an amount equal to such Net Cash Proceeds less any amount thereof used to prepay Term Loans); PROVIDED, HOWEVER, that (i) proceeds (A) from issuances of equity upon exercises of employee stock options, (B) received as consideration for Permitted Acquisitions need not be applied to prepay outstanding Term Loans and/or reduce the Revolving Credit Commitment and (ii) a portion of the proceeds from the initial public offering of the Borrower's common stock may be used to pay up to $34,500,000 principal amount of Subordinated Debt PLUS any interest accrued thereon since December 31, 2000 and any fees and expenses related to such prepayment, PROVIDED that (A) at least $40,000,000 in proceeds shall first have been applied to prepay the Term Loans, (B) the Senior Debt/Adjusted EBITDA Ratio (calculated on a pro forma basis after giving effect to such application of proceeds) shall be less than or equal to 2.25 to 1.0 and C) any amount of proceeds in excess of the amount applied to pay such Subordinated Debt as contemplated above shall be applied to prepay outstanding Loans as provided above.

(d) Not later than the earlier of (i) the date 90 days after the end of each fiscal year of the Borrower, commencing with the fiscal year ending December 31, 2000, and (ii) the date on which the financial statements with respect to such fiscal year are delivered pursuant to Section 5.04(a), the Borrower shall prepay outstanding Term Loans and, if the Term Loans shall have been paid in full, Revolving Loans or Swingline Loans and, after no Revolving Credit Borrowings or Swingline Loans shall remain outstanding, shall deposit cash with the Collateral Agent to secure Obligations in respect of outstanding Letters of Credit, in an aggregate principal amount equal to 75% of Excess Cash Flow for such fiscal year (or, if the Debt/Adjusted EBITDA Ratio at the end of such fiscal year shall have been less than 3.50 to 1.00, 50% of Excess Cash Flow for such fiscal year), and the Revolving Credit Commitments shall be simultaneously and permanently reduced by such amount less any amount thereof used to prepay Term Loans.

(e) In the event that the Borrower or any Subsidiary shall receive Net Cash Proceeds from the incurrence or disposition of any Indebtedness (other than Indebtedness permitted under Section 6.01(a)), the Borrower shall, as promptly as practicable and in any event not later than the Business Day following the receipt of such Net Cash Proceeds, apply 100% of such Net Cash Proceeds to prepay outstanding Term Loans and, if the Term Loans shall have been paid in full, to prepay Revolving Loans or Swingline Loans and, after no Revolving Credit Borrowings or Swingline Loans shall remain outstanding, to deposit cash with the Collateral Agent to secure Obligations in respect of outstanding Letters of Credit (and the Revolving Credit Commitments shall be simultaneously and permanently reduced by an amount equal to 100% of such Net Cash Proceeds less any amount thereof used to prepay Term Loans).

(f) Each mandatory prepayment of Term Loans under this Agreement shall be applied to prepay the Tranche A-1 Term Loans and the Tranche A-2 Term Loans ratably in accordance with the aggregate outstanding principal amounts thereof. Each mandatory prepayment of Term

Loans of either Tranche under this Agreement shall be applied first to the installments of principal due in respect of the Term Loans of such Tranche on the four Term Loan Repayment Dates next following the date of such prepayment and then pro rata against the remaining scheduled installments of principal due in respect of the Term Loans of such Tranche.

(g) The Borrower shall deliver to the Administrative Agent, at the time of each prepayment required under this Section, (i) a certificate signed by the Chief Financial Officer of the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment and (ii) to the extent practicable, at least three Business Days' prior written notice of such prepayment. Each notice of prepayment shall specify the prepayment date, the Type of each Loan being prepaid and the principal amount of each Loan (or portion thereof) to be prepaid. All prepayments of Borrowings under this Section shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

(h) Amounts to be applied pursuant to this Section 2.13 to the prepayment of Term Loans and Revolving Loans shall be applied first to reduce outstanding ABR Term Loans or ABR Revolving Loans, as the case may be, and then to prepay Eurodollar Term Loans or Eurodollar Revolving Loans, as the case may be. In the event the amount of any prepayment required to be made pursuant to this Section shall exceed the aggregate outstanding principal amount of the ABR Term Loans or ABR Revolving Loans, as the case may be (the amount of any such excess being called the "EXCESS AMOUNT"), the Borrower shall have the right, in lieu of making such prepayment in full, to prepay all the outstanding ABR Loans of the applicable class and to deposit an amount equal to the Excess Amount with the Collateral Agent in a cash collateral account maintained (pursuant to documentation reasonably satisfactory to the Administrative Agent) by and in the sole dominion and control of the Collateral Agent. Any amounts so deposited shall be held by the Collateral Agent as collateral for the Obligations and applied to the prepayment of the applicable Eurodollar Loans at the end of the current Interest Periods applicable thereto. At the request of the Borrower, amounts so deposited shall be invested by the Collateral Agent in Permitted Investments maturing prior to the date or dates on which it is anticipated that such amounts will be applied to prepay Eurodollar Loans; any interest earned on such Permitted Investments will be for the account of the Borrower, and the Borrower will deposit with the Administrative Agent the amount of any loss on any such Permitted Investment to the extent necessary in order that the amount of the prepayment to be made with the deposited amounts may not be reduced.

SECTION 2.14. RESERVE REQUIREMENTS; CHANGE IN CIRCUMSTANCES. (a) Notwithstanding any other provision of this Agreement, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender or the Issuing Bank of the principal of or interest on any Eurodollar Loan made by such Lender or any Fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Lender or the Issuing Bank by the jurisdiction in which such Lender or the Issuing Bank has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or the Issuing Bank (except any such reserve requirement which is reflected in the Adjusted LIBO Rate) or shall impose on such Lender or the Issuing Bank or the London interbank market (or other relevant interbank market) any other condition affecting this Agreement or any Eurodollar Loan made by such Lender or any Letter of Credit or participation

therein, and the result of any of the foregoing shall be to increase the cost to such Lender or the Issuing Bank of making or maintaining any Eurodollar Loan or increase the cost to any Lender of issuing or maintaining any Letter of Credit or purchasing or maintaining a participation therein or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder or under the Notes (whether of principal, interest or otherwise) by an amount deemed by such Lender or the Issuing Bank to be material, then the Borrower will pay to such Lender or the Issuing Bank, as the case may be, upon demand such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank shall have determined that the adoption after the date hereof of any law, rule, regulation, agreement or guideline regarding capital adequacy, or any change after the date hereof in any such law, rule, regulation, agreement or guideline (whether such law, rule, regulation, agreement or guideline has been adopted) or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or the Issuing Bank or any Lender's or the Issuing Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any Governmental Authority has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made or participations in Letters of Credit purchased by such Lender pursuant hereto or the Letters of Credit issued by the Issuing Bank pursuant hereto to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or the Issuing Bank to be material, then from time to time the Borrower shall pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as applicable, as specified in clause (a) or (b), and showing the method of calculation in reasonable detail, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation. The protection of this Section shall be available to each Lender and the Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, agreement, guideline or other change or condition that shall have occurred or been imposed.

SECTION 2.15. CHANGE IN LEGALITY. (a) Notwithstanding any other provision of this Agreement, if, after the date hereof, any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof

shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrower and to the Administrative Agent:

(A) such Lender may declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods and ABR Loans will not thereafter (for such duration) be converted into Eurodollar Loans), whereupon any request for a Eurodollar Borrowing (or to convert an ABR Borrowing to a Eurodollar Borrowing or to continue a Eurodollar Borrowing, as the case may be, for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Eurodollar Loan into an ABR Loan, as the case may be), unless such declaration shall be subsequently withdrawn; and

(B) such Lender may require that all outstanding Eurodollar Loans made by it be converted to ABR Loans in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in clause (b).

If any Lender shall exercise its rights under clause (A) or (B), all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Loan made by such Lender, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.16. INDEMNITY. The Borrower shall indemnify each Lender against any loss or expense that such Lender may sustain or incur as a consequence of (a) any event, other than a default by such Lender in the performance of its obligations hereunder, which results in (i) such Lender receiving or being deemed to receive any amount on account of the principal of any Eurodollar Loan prior to the end of the Interest Period in effect therefor, (ii) the conversion of any Eurodollar Loan to a Loan of another Type, or the conversion of the Interest Period with respect to any Eurodollar Loan, in each case other than on the last day of the Interest Period in effect therefor, or (iii) any Eurodollar Loan to be made by such Lender (including any Eurodollar Loan to be made pursuant to a conversion or continuation under Section 2.10) not being made after notice of such Loan shall have been given by the Borrower hereunder (any of the events referred to in this clause (a) being called a "BREAKAGE EVENT") or (b) any default in the making of any payment or prepayment required to be made hereunder. In the case of any Breakage Event, such loss shall include an amount equal to the excess, as reasonably determined by such Lender, of (i) its cost of obtaining funds for the Eurodollar Loan that is the subject of such Breakage Event for the period from the date of such Breakage Event to the last day of the Interest Period in effect (or that would have been in effect) for such Loan over (ii) the amount of interest likely to be realized by such Lender in redeploying the funds released or not utilized by reason of such Breakage Event for such period. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error.

SECTION 2.17. PRO RATA TREATMENT. Each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Commitment Fees, each reduction of the Term Commitments or the Revolving Credit Commitments and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding applicable Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount.

SECTION 2.18. SHARING OF SETOFFS. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any L/C Disbursement or Loan as a result of which the unpaid principal portion of its participations in L/C Disbursements and Swingline Loans, Term Loans and Revolving Loans shall be proportionately less than the unpaid principal portion of the participations in L/C Disbursements and Swingline Loans, Term Loans and Revolving Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the L/C Exposure, Swingline Exposure, Term Loans and Revolving Loans, as the case may be of such other Lender, so that the aggregate unpaid principal amount of the L/C Exposure, Swingline Exposure, Term Loans and Revolving Loans and participations in L/C Exposure, Swingline Loans, Term Loans and Revolving Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all L/C Exposure, Swingline Exposure, Term Loans and Revolving Loans then outstanding as the principal amount of its L/C Exposure, Swingline Exposure, Term Loans and Revolving Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all L/C Exposure, Swingline Exposure, Term Loans and Revolving Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; PROVIDED, HOWEVER, that if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in any L/C Disbursement or Swingline Loan, Term Loan or Revolving Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower and to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.19. PAYMENTS. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any L/C Disbursement or any Fees or other amounts) hereunder and under any other Credit Document not later than 12:00 (noon), local time at the place of payment, on the date when due in immediately available funds, without setoff, defense or counterclaim. Each such payment (other than (i) Issuing Bank Fees and other payments in respect of which it is expressly herein provided that such payments shall be made directly to the Issuing Bank, which shall in each case be paid directly to the Issuing Bank, and (ii) payments in respect of which it is herein expressly provided that such payments shall be made directly to the

Swingline Lender, which shall be paid directly to the Swingline Lender) shall be made to the Administrative Agent at its offices at 399 Park Avenue, New York, New York. Each such payment shall be made in dollars.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Credit Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.20. TAXES. (a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; PROVIDED that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Issuing Bank, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and the Issuing Bank, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or the Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or the Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or the Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code (a "NON-U.S. LENDER") shall deliver to the Borrower (with a copy to the Administrative Agent) two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder of the

Borrower (within the meaning of Section 871(h)(3)(B) of the Code) and is not a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. Federal withholding tax on payments by the Borrower under this Agreement or any other Credit Document. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement or designates a new lending office. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence, expiration or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.20, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.20(e) that such Non-U.S. Lender is not legally able to deliver.

SECTION 2.21. ASSIGNMENT OF COMMITMENTS UNDER CERTAIN CIRCUMSTANCES; DUTY TO MITIGATE. (a) If (i) any Lender or the Issuing Bank delivers a certificate requesting compensation pursuant to Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15 or (iii) the Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank pursuant to Section 2.20, the Borrower may, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 9.04(b)), upon notice to such Lender or the Issuing Bank and the Administrative Agent, require such Lender or the Issuing Bank to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such assigned obligations (which assignee may be another Lender, if a Lender accepts such assignment); PROVIDED that (1) such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority having jurisdiction, (2) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Revolving Credit Commitment is being assigned, of the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, (3) the Borrower or such assignee shall have paid to the affected Lender or the Issuing Bank in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans and participations in L/C Disbursements and Swingline Loans of such Lender or L/C Disbursements of the Issuing Bank, respectively, plus all Fees and other amounts accrued for the account of such Lender or the Issuing Bank hereunder (including any amounts under Section 2.14 and Section 2.16), and (4) if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's or the Issuing Bank's claim for compensation under Section 2.14 or notice under Section 2.15 or the amounts paid pursuant to Section 2.20, as the case may be, cease to cause such Lender or the Issuing Bank to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.15, or cease to result in amounts being payable under Section 2.20, as the case may be (including as a result of any action taken by such Lender or the Issuing Bank pursuant to clause (b)), or if such Lender or the Issuing Bank shall waive its right to claim further compensation under Section 2.14 in respect of such circumstances or event or shall withdraw its notice under Section 2.16 or shall waive its right to further payments under Section 2.20 in respect of such circumstances or event, as the case may be, then such Lender or the Issuing Bank shall not thereafter be required to make any such transfer and assignment hereunder.

(b) If (i) any Lender or the Issuing Bank delivers a certificate requesting compensation under Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15 or (iii) the Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the

Issuing Bank, pursuant to Section 2.20, then such Lender or the Issuing Bank shall use reasonable efforts (which shall not require such Lender or the Issuing Bank to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with its internal policies or legal or regulatory restrictions or suffer any disadvantage or burden deemed by it to be significant) (x) to file any certificate or document reasonably requested in writing by the Borrower or (y) to assign its rights and delegate and transfer its obligations hereunder to another of its offices, branches or affiliates, if such filing or assignment would reduce its claims for compensation under Section 2.14 or enable it to withdraw its notice pursuant to Section 2.15 or would reduce amounts payable pursuant to Section 2.20, as the case may be, in the future. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the Issuing Bank in connection with any such filing or assignment, delegation and transfer.

SECTION 2.22. LETTERS OF CREDIT. (a) GENERAL. The Borrower may request the issuance of a Letter of Credit for its own account, by delivering an Issuance Request, at any time and from time to time, for general corporate purposes while the Revolving Credit Commitments remain in effect. This Section shall not be construed to impose an obligation upon the Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) NOTICE OF ISSUANCE, AMENDMENT, RENEWAL, EXTENSION; CERTAIN CONDITIONS. In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), the Borrower shall hand deliver or fax to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) an Issuance Request requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with clause (c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension and Credit Events or repayments to be made at or before such time (A) the L/C Exposure shall not exceed $6,000,000 and (B) the sum of the Aggregate Revolving Credit Exposure shall not exceed the Total Revolving Credit Commitment.

(c) EXPIRATION DATE. Each Letter of Credit shall expire at the close of business on the earlier of the date one year after the date of the issuance of such Letter of Credit and the date that is five Business Days prior to the Revolving Credit Maturity Date, unless such Letter of Credit expires by its terms on an earlier date; PROVIDED, HOWEVER, that a Letter of Credit issued by the Issuing Bank in favor of an insurance company to secure the Borrower's workers' compensation programs will be extended automatically at the close of business on each one-year anniversary of the issuance or extension, as the case may be, of such Letter of Credit until such Letter of Credit expires five days prior to the Revolving Credit Maturity Date, unless the Issuing Bank gives 30 days' notice of nonrenewal in writing to the Borrower.

(d) PARTICIPATIONS. By the issuance of a Letter of Credit and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Credit Lender, and each such Lender hereby acquires from the applicable Issuing Bank, a participation in such Letter of Credit equal to such Lender's Revolving Percentage of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance

of such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Revolving Percentage of each L/C Disbursement made by the Issuing Bank and not reimbursed by the Borrower (or, if applicable, another party pursuant to its obligations under any other Credit Document) forthwith on the date due as provided in Section 2.02(f), in the same currency in which such L/C Disbursement is denominated. Each Revolving Credit Lender agrees that its obligation to acquire participations pursuant to this clause in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) REIMBURSEMENT. If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the Borrower shall pay to the Issuing Bank an amount equal to such L/C Disbursement not later than two hours after the Borrower shall have received notice from the Issuing Bank that payment of such draft will be made, or, if the Borrower shall have received such notice later than 10:00 a.m., New York City time, on any Business Day, not later than 10:00 a.m., New York City time, on the immediately following Business Day.

(f) OBLIGATIONS ABSOLUTE. The Borrower's obligations to reimburse L/C Disbursements as provided in clause (e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Credit Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Credit Document;

(iii) the existence of any claim, setoff, defense or other right that the Borrower, any other party guaranteeing, or otherwise obligated with, the Borrower, any Subsidiary or other Affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, the Issuing Bank, the Administrative Agent or any Lender or any other person, whether in connection with this Agreement, any other Credit Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the Issuing Bank, the Lenders, the Administrative Agent or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrower's obligations hereunder.

Without limiting the generality of the foregoing, the absolute and unconditional obligation of the Borrower hereunder to reimburse L/C Disbursements will not be excused by the gross negligence or wilful misconduct of the Issuing Bank. However, the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's gross negligence or wilful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) the Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute wilful misconduct or gross negligence of the Issuing Bank.

(g) DISBURSEMENT PROCEDURES. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall as promptly as possible give telephonic notification, confirmed by fax, to the Administrative Agent and the Borrower of such demand for payment and whether the Issuing Bank has made or will make an L/C Disbursement thereunder; PROVIDED that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Revolving Credit Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Revolving Credit Lender notice thereof.

(h) INTERIM INTEREST. If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, then, unless the Borrower shall reimburse such L/C Disbursement in full on such date, the unpaid amount thereof shall bear interest for the account of the Issuing Bank, for each day from and including the date of such L/C Disbursement, to but excluding the earlier of the date of payment by the Borrower or the date on which interest shall commence to accrue thereon as provided in Section 2.02(f), at the rate per annum that would apply to such amount if such amount were an ABR Loan.

(i) RESIGNATION OR REMOVAL OF THE ISSUING BANK. The Issuing Bank may resign at any time by giving 180 days prior written notice to the Administrative Agent, the Lenders and the Borrower, and may be removed at any time by the Borrower by notice to the Issuing Bank, the Administrative Agent and the Lenders, to be effective only upon the appointment of a successor Issuing Bank pursuant to the following sentence. Subject to the next succeeding clause, upon the acceptance of any appointment as the Issuing Bank hereunder by a Lender that shall agree to serve as successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the Borrower shall pay all accrued and unpaid fees

pursuant to Section 2.05(d)(ii). The acceptance of any appointment as the Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrower and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and the other Credit Documents and (ii) references herein and in the other Credit Documents to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of the Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Credit Documents with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) CASH COLLATERALIZATION. If any Event of Default shall occur and be continuing, the Borrower shall, on the Business Day it receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Revolving Credit Lenders holding participations in outstanding Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding Letters of Credit) thereof and of the amount to be deposited, deposit in an account with the Collateral Agent, for the benefit of the Revolving Credit Lenders, an amount in cash equal to the L/C Exposure as of such date. Such deposits shall be held by the Collateral Agent as collateral for the payment and performance of the Obligations. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Such deposits shall be invested in Permitted Investments, to be selected by the Issuing Bank in its sole discretion, and interest earned on such deposits shall be deposited in such account as additional collateral for the payment and performance of the Obligations. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall (i) automatically be applied by the Administrative Agent to reimburse the Issuing Bank for L/C Disbursements for which it has not been reimbursed, (ii) be held for the satisfaction of the reimbursement obligations of the Borrower for the L/C Exposure at such time and (iii) if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Credit Lenders holding participations in outstanding Letters of Credit representing greater than 50% of the aggregate undrawn amount of all outstanding Letters of Credit), be applied to satisfy the Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.23. SWINGLINE LOANS. (a) Subject to the terms and conditions set forth herein, the Swingline Lender may, in its sole discretion, make Swingline Loans to the Borrower at any time and from time to time on or after the Original Closing Date, and until the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitments in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $7,000,000 or (ii) the sum of the total Revolving Credit Exposures exceeding the total Revolving Credit Commitments. The Swingline Lender shall have no duty to make or continue to make Swingline Loans. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by fax), not later than 12:00 noon, New York City time, on

the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 12:00 noon, New York City time, on any Business Day require the Revolving Credit Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Credit Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Revolving Credit Lender, specifying in such notice such Lender's Revolving Percentage of such Swingline Loan or Swingline Loans. Each Revolving Credit Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Revolving Percentage of such Swingline Loan or Swingline Loans. Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Credit Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02 with respect to Loans made by such Lender (and Section 2.02 shall apply, MUTATIS MUTANDIS, to the payment obligations of the Revolving Credit Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Revolving Credit Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Revolving Credit Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

(d) The Swingline Lender may resign at any time by giving 180 days prior written notice to the Administrative Agent, the Lenders and the Borrower, and may be removed at any time by the Borrower by notice to the Swingline Lender, the Administrative Agent and the Lenders, in each case to be effective only upon the appointment of a successor Swingline Lender pursuant to the following sentence. Upon the acceptance of any appointment as the Swingline Lender hereunder by a Lender that shall agree to serve as successor Swingline Lender, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Swingline Lender. At the time such removal or resignation shall become effective, the Borrower shall pay all outstanding Swingline Loans together with all interest accrued thereon. The acceptance of any appointment as the Swingline Lender hereunder by a successor Lender shall be

evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrower and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Swingline Lender under this Agreement and the other Credit Documents and (ii) references herein and in the other Credit Documents to the term "Swingline Lender" shall be deemed to refer to such successor or to any previous Swingline Lender, or to such successor and all previous Swingline Lenders, as the context shall require. After the resignation or removal of the Swingline Lender hereunder, the retiring Swingline Lender shall remain a party hereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent, the Issuing Bank and each of the Lenders as follows (with each reference to a Subsidiary being deemed to include all persons that will be Subsidiaries after giving effect to the Second Restatement Closing Date Transactions, other than any such persons that have ceased to be Subsidiaries):

SECTION 3.01. ORGANIZATION; POWERS. The Borrower and each of the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the corporate power and authority to execute, deliver and perform its obligations under each of the Credit Documents and each other agreement or instrument contemplated hereby to which it is or will be a party and, in the case of the Borrower, to borrow hereunder.

SECTION 3.02. AUTHORIZATION. The Transactions (a) have been duly authorized by all requisite corporate and, if required, stockholder action on the part of the Borrower and the Subsidiaries and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Borrower or any Subsidiary, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary (other than any Lien created hereunder or under the Collateral Documents).

SECTION 3.03. ENFORCEABILITY. This Agreement and each other Credit Document has been duly executed and delivered by the Obligors party thereto, and this Agreement constitutes, and each other Credit Document when executed and delivered by the Obligors will constitute, a legal, valid and binding obligation of the Obligors party thereto enforceable against such Obligors in accordance with its terms.

SECTION 3.04. GOVERNMENTAL APPROVALS. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of Uniform Commercial Code financing statements and filings with the United States Patent and Trademark Office and the United States Copyright Office and (b) such as have been made or obtained and are in full force and effect.

SECTION 3.05. FINANCIAL STATEMENTS. (a) The Borrower has heretofore furnished to the Administrative Agent unaudited consolidated and consolidating balance sheets and related statements of income, stockholders equity and cash flows of the Borrower for the fiscal year most recently ended before the Second Restatement Closing Date, certified by the Borrower's Chief Financial Officer. Such financial statements present fairly in all material respects the financial condition and results of operations and cash flows of the Borrower, and its consolidated subsidiaries as of such dates and for such periods. The Borrower has also furnished to the Administrative Agent (i) unaudited consolidated and consolidating balance sheets and related statements of income and stockholders' equity of Clinforce for the fiscal year most recently ended before the Second Restatement Closing Date and (ii) to the extent available, unaudited consolidated and consolidating balance sheets and related statements of income, stockholders' equity and cash flows of Clinforce for each completed fiscal quarter since the date of such unaudited financial statement (and, to the extent available, for each completed month since the last such quarter), which unaudited financial statements shall be in form and scope satisfactory to the Administrative Agent. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of the Borrower, and its consolidated subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis.

(b) The Borrower has heretofore delivered to the Administrative Agent its unaudited pro forma consolidated balance sheet as of the Second Restatement Closing Date, prepared giving effect to the Second Restatement Closing Date Transactions as if they had occurred on such date. Such pro forma balance sheet has been prepared in good faith by the Borrower, based on the assumptions used to prepare the pro forma financial information contained in the Supplemental Information Memorandum (which assumptions are believed by the Borrower on the date hereof to be reasonable), is based on the best information available to the Borrower, accurately reflects all adjustments required to be made to give effect to the Second Restatement Closing Date Transactions and presents fairly in all material respects on a pro forma basis the pro forma consolidated financial position of the Borrower and the consolidated Subsidiaries as of such date, assuming that the Second Restatement Closing Date Transactions had actually occurred at such date.

SECTION 3.06. NO MATERIAL ADVERSE CHANGE. There has been no material adverse change in the business, assets, operations, prospects, condition, financial or otherwise, or material agreements of the Borrower and the Subsidiaries, taken as a whole, or of Clinforce since September 30, 2000.

SECTION 3.07. TITLE TO PROPERTIES; POSSESSION UNDER LEASES. (a) Each of the Borrower and the Subsidiaries has good and marketable title to, or valid leasehold interests in, all its material properties and assets, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes. All such material properties and assets are free and clear of Liens, other than Liens expressly permitted by Section 6.02.

(b) Each of the Borrower and the Subsidiaries has complied with all obligations under all material leases to which it is a party and all such leases are in full force and effect. Each of the Borrower and the Subsidiaries enjoys peaceful and undisturbed possession under all such material leases, except where failure to have such possession will not have a Material Adverse Effect.

SECTION 3.08. SUBSIDIARIES. Schedule 3.08 sets forth as of the Second Restatement Closing Date (and after giving effect to the Clinforce Acquisition) a list of all Subsidiaries and the percentage ownership interest of the Borrower therein. The shares of capital stock or other ownership interests so indicated on Schedule 3.08 are fully paid and nonassessable and are owned by the Borrower, directly or indirectly, free and clear of all Liens.

SECTION 3.09. LITIGATION; COMPLIANCE WITH LAWS. (a) Except as set forth on Schedule 3.09, there are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any Subsidiary or any business, property or rights of any such person (i) that involve any Credit Document or the Transactions, or purport to affect the ability of the parties to consummate any of the Transactions, or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) None of the Borrower or any of the Subsidiaries or any of their respective material properties or assets is in violation of, nor will the continued operation of their material properties and assets as currently conducted violate, any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code, approval or permit), or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. AGREEMENTS. (a) None of the Borrower or any of the Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(b) None of the Borrower or any of the Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. MARGIN STOCK. None of the Borrower or any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

SECTION 3.12. INVESTMENT COMPANY ACT; PUBLIC UTILITY HOLDING COMPANY ACT. None of the Borrower or any Subsidiary is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.13. TAX RETURNS. Each of the Borrower and the Subsidiaries has filed or caused to be filed all Federal, state, local and foreign tax returns or materials required to have been filed by it and has paid or caused to be paid all taxes due and payable by it and all

assessments received by it, except taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, shall have set aside on its books adequate reserves in accordance with GAAP.

SECTION 3.14. NO MATERIAL MISSTATEMENTS. None of (a) the Supplemental Information Memorandum or (b) any other information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation of any Credit Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading; PROVIDED that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, the Borrower represents only that it acted in good faith and utilized assumptions that were reasonable at the time such information, report, financial statement, exhibit or schedule was prepared and due care in the preparation of such information, report, financial statement, exhibit or schedule.

SECTION 3.15. EMPLOYEE BENEFIT PLANS. Each of the Borrower and its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in material liability of the Borrower or any of its ERISA Affiliates. The present value of all benefit liabilities under each Plan (based on those assumptions used to fund such Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than $1,000,000 the fair market value of the assets of such Plan, and the present value of all benefit liabilities of all underfunded Plans (based on those assumptions used to fund each such Plan) did not, as of the last annual valuation dates applicable thereto, exceed by more than $1,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.16. ENVIRONMENTAL MATTERS. Except as set forth in Schedule 3.16:

(a) The real properties owned or operated by the Borrower and the Subsidiaries (the "ENVIRONMENTAL PROPERTIES") do not contain any Hazardous Materials in amounts or concentrations which (i) constitute, or constituted a violation of, (ii) require Remedial Action under, or (iii) could give rise to liability under, Environmental Laws, which violations, Remedial Actions and liabilities, in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(b) The Environmental Properties and all operations of the Borrower and the Subsidiaries are in compliance, and in the last three years have been in compliance, with all Environmental Laws and all necessary Environmental Permits have been obtained and are in effect, except to the extent that such non-compliance or failure to obtain any necessary permits, in the aggregate, could not result in a Material Adverse Effect;

(c) There have been no Releases or threatened Releases at, from, under or proximate to the Environmental Properties or otherwise in connection with the operations of the Borrower or the Subsidiaries, which Releases or threatened Releases, in the aggregate, could reasonably be expected to result in a Material Adverse Effect;

(d) None of the Borrower or any of the Subsidiaries has received any notice of an Environmental Claim in connection with the Environmental Properties or the operations of the Borrower or the Subsidiaries or with regard to any person whose liabilities for environmental matters the Borrower or the Subsidiaries has retained or assumed, in whole or in part, contractually, by operation of law or otherwise, which, in the aggregate, could reasonably be expected to result in a Material Adverse Effect, nor does the Borrower or the Subsidiaries have reason to believe that any such notice will be received or is being threatened; and

(e) Hazardous Materials have not been transported from the Environmental Properties, nor have Hazardous Materials been generated, treated, stored or disposed of at, on or under any of the Environmental Properties in a manner that could give rise to liability under any Environmental Law, nor have the Borrower or the Subsidiaries retained or assumed any liability, contractually, by operation of law or otherwise, with respect to the generation, treatment, storage or disposal of Hazardous Materials, which transportation, generation, treatment, storage or disposal, or retained or assumed liabilities, in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.17. INSURANCE. Schedule 3.17 sets forth a true, complete and correct description of all insurance maintained by the Borrower or by the Borrower for its Subsidiaries as of the date hereof and the Second Restatement Closing Date. As of each such date, such insurance is in full force and effect and all premiums have been duly paid. The Borrower and its Subsidiaries have insurance in such amounts and covering such risks and liabilities as are in accordance with normal industry practice.

SECTION 3.18. LOCATION OF REAL PROPERTY. Schedule 3.18 lists completely and correctly as of the Second Restatement Closing Date all real property owned by the Borrower and the Subsidiaries and the addresses thereof. The Borrower and the Subsidiaries own in fee all the real property set forth on Schedule 3.18.

SECTION 3.19. LABOR MATTERS. As of the date hereof and the Second Restatement Closing Date, there are no strikes, lockouts or slowdowns against the Borrower or any Subsidiary pending or, to the knowledge of the Borrower, threatened. The hours worked by and payments made to employees of the Borrower and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from the Borrower or any Subsidiary, or for which any claim may be made against the Borrower or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Borrower or such Subsidiary. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any Subsidiary is bound.

SECTION 3.20. SOLVENCY. Immediately after the consummation of the Second Restatement Closing Date Transactions, (i) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of the Borrower will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such

business is now conducted and is proposed to be conducted following the Second Restatement Closing Date.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.1. ALL CREDIT EVENTS. The obligations of the Lenders to make Loans (other than a Borrowing pursuant to Section 2.02(f)) and of the Issuing Bank to issue Letters of Credit hereunder are subject to the satisfaction of the conditions that on the date of each issuance of a Letter of Credit and each Borrowing of a Loan (other than a Borrowing pursuant to Section 2.02(f))(each such event being called a "CREDIT EVENT"):

(a) REQUEST. The Borrower shall have delivered a Borrowing Request to the Administrative Agent, a notice to the Swingline Lender in accordance with Section 2.23(b) or an Issuance Request to the Administrative Agent and the Issuing Bank, as the case may be.

(b) REPRESENTATIONS AND WARRANTIES. The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Credit Event, both before and after giving effect to the Second Restatement Closing Date Transactions, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) NO DEFAULT. The Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Credit Document on its part to be observed or performed, and at the time of and immediately after such Credit Event, no Event of Default or Default shall have occurred and be continuing.

Each Credit Event shall be deemed to constitute a representation and warranty by the Borrower on the date of such Credit Event as to the matters specified in clauses (b) and (c) of this Section.

SECTION 4.02. SECOND RESTATEMENT CLOSING DATE. The effectiveness of the second amendment and restatement of the Existing Credit Agreement by this Agreement and the obligations of the Lenders to make Term Loans hereunder are subject to the satisfaction of the following conditions on or prior to March 15, 2001:

(a) The Administrative Agent shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

(b) NOTES. Each Lender that shall have requested a Note or Notes as provided in Section 2.04 shall have received such Note or Notes, duly executed by the Borrower.

(c) ORGANIZATIONAL DOCUMENTS. The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation, including all amendments thereto, of each Obligor, certified as of a recent date by the Secretary of State or comparable official of the state or other jurisdiction of its organization, and a certificate as to the good standing of each Obligor as of a recent date from such Secretary of State or other official; (ii) a certificate of the Secretary or Assistant Secretary of each Obligor dated the

Second Restatement Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Obligor as in effect on the Second Restatement Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Obligor authorizing the execution, delivery and performance of the Credit Documents to which such person is a party and, in the case of the Borrower, the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of such Obligor have not been amended since the date of the last amendment thereto shown on the certified copy thereof furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Credit Document or any other document delivered in connection herewith on behalf of such Obligor; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders, the Issuing Bank or the Administrative Agent may reasonably request.

(d) OFFICER'S CERTIFICATE. The Administrative Agent shall have received a certificate, dated the Second Restatement Closing Date and signed by the Chief Financial Officer of the Borrower, confirming compliance with the conditions precedent set forth in clauses (b) and (c) of Section 4.01 immediately prior to, and after giving effect to, the Second Restatement Closing Date Transactions.

(e) GUARANTEE REQUIREMENT. The Guarantee Requirement shall be satisfied.

(f) COLLATERAL REQUIREMENT. The Collateral Requirement shall be satisfied, except for the provisions of clause (d) of the definition of the term "Collateral Requirement".

(g) PERFECTION CERTIFICATE. The Collateral Agent shall have received a Perfection Certificate dated the Second Restatement Closing Date and duly executed by an Officer of the Borrower.

(h) LIEN SEARCHES. The Collateral Agent shall have received the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Borrower and the Domestic Subsidiaries in the states (or other jurisdictions) in which the chief executive offices of such persons or any offices of such persons in which records have been kept relating to Accounts are located, and the other jurisdictions in which Uniform Commercial Code (or equivalent) filings are to be made pursuant to paragraph (f) above, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence satisfactory to the Collateral Agent that the Liens indicated in any such financing statement (or similar document) would be permitted under Section 6.02 or have been released.

(i) INSURANCE. The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 5.02 and the applicable provisions of the Collateral Documents, each of which shall be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement and to name the Collateral Agent as additional insured, in form and substance satisfactory to the Administrative Agent.

(j) TAXES. The Lenders shall be reasonably satisfied in all respects (i) with the tax position and the contingent tax and other liabilities of the Borrower for prior operating periods, and with the plans of the Borrower with respect thereto, and (ii) with any tax sharing agreements among the Borrower and the Subsidiaries and/or any other person after giving effect to the Transactions and the other transactions contemplated hereby.

(k) ENVIRONMENTAL AND EMPLOYEE MATTERS. The Lenders shall be satisfied as to the amount and nature of any environmental and employee health and safety exposures to which the Borrower and the Subsidiaries may be subject and the plans of the Borrower with respect thereto.

(l) PAYMENTS OF FEES, ETC. The Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Second Restatement Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder or under any other Credit Document.

(m) OPINIONS. The Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of Proskauer Rose LLP, counsel for the Borrower, substantially to the effect set forth in Exhibit K, (i) dated the Second Restatement Closing Date, (ii) addressed to the Administrative Agent and the Lenders, and (iii) covering such other matters relating to the Credit Documents and the Transactions as the Administrative Agent shall reasonably request, and the Borrower hereby requests such counsel to deliver such opinion.

(n) CLINFORCE ACQUISITION. The Clinforce Acquisition shall have been, or shall substantially simultaneously with the Credit Event on the Second Restatement Closing Date be, consummated in accordance with the Stock Purchase Agreement and applicable law, without any amendment to or waiver of any material terms or conditions of the Stock Purchase Agreement not approved by the Lenders. The Lenders and the Issuing Bank shall have received executed copies of the Stock Purchase Agreement and all certificates, opinions and other documents delivered in connection therewith, all certified by the Chief Financial Officer of the Borrower as complete and correct.

(o) SECOND RESTATEMENT CLOSING DATE TRANSACTIONS. The terms on which the Second Restatement Closing Date Transactions shall have been completed and the capitalization (including Indebtedness) of the Borrower and the Subsidiaries after giving effect to the Second Restatement Closing Date Transactions shall be consistent in all material respects with the pro forma financial statements and projections provided to the Lenders prior to the Second Restatement Closing Date.

(p) INDEBTEDNESS. The Borrower and the Subsidiaries shall have outstanding no Indebtedness other than the Indebtedness hereunder, the Subordinated Debt and the other indebtedness set forth on Schedule 6.01.

(q) SUBORDINATED DEBT. The Administrative Agent shall have received a certificate, dated the Second Restatement Closing Date and signed by the Chief Financial Officer of the Borrower, setting forth the calculation of the Debt/Adjusted EBITDA Ratio (as defined in the Subordinated Debt Agreement) as of the Second Restatement Closing Date.

(r) LEGAL MATTERS. All legal matters incidental to this Agreement, the Transactions and the Credit Documents shall be satisfactory to the Lenders, to the Issuing Bank and to Cravath, Swaine & Moore, counsel for the Administrative Agent.

ARTICLE V

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing:

SECTION 5.01. EXISTENCE; BUSINESSES AND PROPERTIES. (a) The Borrower will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05.

(b) The Borrower will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; maintain and operate such business in substantially the manner in which it is presently conducted and operated; comply in all material respects with all applicable laws, rules, regulations and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, except where failure to do so will not have a Material Adverse Effect; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 5.02. INSURANCE. The Borrower will, and will cause each of the Subsidiaries to, keep its insurable properties adequately insured at all times by financially sound and reputable insurers; maintain such other insurance, to such extent and against such risks, including business interruption, fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses operating in the same or similar locations, including general liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it, and professional liability insurance; and maintain such other insurance as may be required by law.

SECTION 5.03. OBLIGATIONS AND TAXES. The Borrower will, and will cause each of the Subsidiaries to, pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part

thereof; PROVIDED, HOWEVER, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of a Lien.

SECTION 5.04. FINANCIAL STATEMENTS, REPORTS, ETC. The Borrower will furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year, its consolidated and consolidating balance sheets and related statements of income, stockholders' equity and cash flows showing the financial condition of the Borrower and the consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such Subsidiaries during such year, all audited by Ernst & Young LLP or other independent public accountants of recognized national standing acceptable to the Required Lenders and accompanied by an opinion of such accountants (which shall not be qualified) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Borrower and the consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheets and related statements of income (setting forth revenues by business line), stockholder's equity and cash flows showing the financial condition of the Borrower and the consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by the Borrower's Chief Financial Officer as fairly presenting the financial condition and results of operations of the Borrower and the consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments;

(c) within 45 days after the end of each of month, its consolidated balance sheet and related statement of income (setting forth revenues by business line) showing the financial condition of the Borrower and the consolidated Subsidiaries as of the close of such month (together with the consolidated balance sheets of the Borrower and the consolidated Subsidiaries (i) as of the close of such month projected in the budget previously delivered to the Administrative Agent pursuant to clause (g) below and (ii) as of the close of the same month in the prior fiscal year) and the results of operations of the Borrower and the consolidated Subsidiaries during such month and the then elapsed portion of the fiscal year (together with the statements of income showing the results of operations of the Borrower and the consolidated Subsidiaries (i) for such month and the then elapsed portion of the fiscal year as projected in the budget previously delivered to the Administrative Agent pursuant to clause (g) below and (ii) for such month in the prior fiscal year and the then elapsed portion of such prior fiscal year), all certified by its Chief Financial Officer as fairly presenting the financial condition and results of operations of the Borrower and the consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to the absence of footnotes and normal year-end audit adjustments;

(d) concurrently with any delivery of financial statements under clause (a), (b) or (c), a certificate of the accounting firm or the Chief Financial Officer opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Section 6.11, 6.12, 6.13, 6.14 and 6.15;

(e) concurrently with any delivery of financial statements under clause (a) or (b), a Pricing Adjustment Certificate;

(f) not later than 30 days after the first day of the Borrower's fiscal year, copies of the Borrower's annual consolidated budget for such fiscal year all in form and substance reasonably satisfactory to the Administrative Agent;

(g) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(h) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary, or compliance with the terms of any Credit Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.05. LITIGATION AND OTHER NOTICES. The Borrower will promptly after an Officer becomes aware thereof, furnish to the Administrative Agent, the Issuing Bank and each Lender prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect; and

(c) any development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.06. EMPLOYEE BENEFITS. (a) The Borrower will, and will cause each of the Subsidiaries to, comply in all material respects with the applicable provisions of ERISA and the Code and (b) furnish to the Administrative Agent (i) as soon as possible after, and in any event within 10 days after any Officer of the Borrower or any ERISA Affiliate knows or has reason to know that, any ERISA Event has occurred that, alone or together with any other ERISA Event could reasonably be expected to result in liability of the Borrower in an aggregate amount exceeding $2,000,000 or requiring payments exceeding $1,000,000 in any year, a statement of

the Chief Financial Officer of the Borrower setting forth details as to such ERISA Event and the action, if any, that the Borrower proposes to take with respect thereto.

SECTION 5.07. MAINTAINING RECORDS; ACCESS TO PROPERTIES AND INSPECTIONS. The Borrower will, and will cause each of the Subsidiaries to, keep proper books of record and account, in a manner consistent with requirements of law and with sound business practice so as to permit the preparation of financial statements in conformity with GAAP, in which full, true and correct entries in conformity with GAAP and all requirements of law are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of the Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender to visit and inspect the financial records and the properties of the Borrower or any Subsidiary at reasonable times and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or any Lender to discuss the affairs, finances and condition of the Borrower or any Subsidiary with the officers thereof and independent accountants therefor.

SECTION 5.08. USE OF PROCEEDS; MARGIN STOCK. (a) The proceeds of the Term Loans and of the Revolving Loans made on the Second Restatement Closing Date shall be used solely for the purposes set forth in the preamble to this Agreement.

(b) The proceeds of Revolving Loans and Swingline Loans made after the Second Restatement Closing Date may be used for working capital and general corporate purposes of the Borrower (including, in the case of Revolving Loans, Permitted Acquisitions).

(c) The Letters of Credit may be used for general corporate purposes.

(d) Notwithstanding the foregoing, no part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to buy or carry Margin Stock or to extend credit to others for the purpose of buying or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation U or X.

SECTION 5.09. COMPLIANCE WITH ENVIRONMENTAL LAWS. The Borrower will, and will cause each of the Subsidiaries to, comply, and cause all lessees and other persons occupying its Environmental Properties to comply, in all material respects with all Environmental Laws and Environmental Permits applicable to its operations and Environmental Properties; obtain and renew all material Environmental Permits necessary for its operations and Environmental Properties; and conduct any Remedial Action in accordance with Environmental Laws, except to the extent that the failure to do the same could not reasonably be expected to result in a Material Adverse Effect; PROVIDED, HOWEVER, that none of the Borrower or any of the Subsidiaries shall be required to undertake any Remedial Action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances.

SECTION 5.10. FURTHER ASSURANCES. (a) The Borrower will, and will cause each of the Subsidiaries to, execute any and all further documents, financing statements, agreements and instruments, and take all further action (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under applicable law, or that the Required Lenders, the Administrative Agent or the Collateral Agent may reasonably

request, in order to cause the Guarantee Requirement and the Collateral Requirement to be satisfied at all times.

(b) The Borrower will, and will cause each of the Subsidiaries to, from time to time, at the request of the Administrative Agent or the Required Lenders, take all such actions as the Collateral Agent shall specify to create and perfect Liens on any properties or assets of the Borrower or the Domestic Subsidiaries that have substantial value and are not subject to the Liens created by the Collateral Documents to secure the Obligations.

SECTION 5.11. INTEREST RATE AGREEMENTS. The Borrower shall, within 75 days following the Second Restatement Closing Date, enter into (and thereafter maintain in effect until the date that is three years after the Original Closing Date) Interest Rate Agreements providing for an interest rate cap reasonably acceptable to the Administrative Agent in a notional amount equal to $45,000,000 with a counterparty reasonably satisfactory to the Administrative Agent.

ARTICLE VI

NEGATIVE COVENANTS

The Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Credit Document have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full, unless the Required Lenders shall otherwise consent in writing:

SECTION 6.01. INDEBTEDNESS. (a) The Borrower will not, and will not cause or permit any Subsidiary to, incur, create, assume or permit to exist any Indebtedness, except:

(i) Indebtedness for borrowed money existing on the Second Restatement Closing Date and set forth in Schedule 6.01;

(ii) Indebtedness created hereunder and under the other Credit Documents;

(iii) the Subordinated Debt;

(iv) Indebtedness of the Borrower to any wholly owned Subsidiary and of any wholly owned Subsidiary to the Borrower or any other wholly owned Subsidiary; PROVIDED, that (A) in the case of any such Indebtedness in an amount greater than $1,000,000 owed to the Borrower or any Domestic Subsidiary, such Indebtedness is evidenced by a promissory note that has been pledged as security for the Obligations under the Pledge Agreement, (B) in the case of any such Indebtedness in an amount greater than $1,000,000 owed by the Borrower or a Domestic Subsidiary to any Foreign Subsidiary, such Indebtedness is subordinated to the Obligations on terms satisfactory to the Administrative Agent and (C) in the case of all such Indebtedness, the loans and advances giving rise thereto are permitted under Section 6.04;

(v) Indebtedness of the Borrower or any Subsidiary consisting of (A) Capital Lease Obligations and (B) purchase money obligations in respect of real property or

equipment, in either case incurred in the ordinary course of business after the Original Closing Date, and extensions, renewals and replacements of such Capital Lease Obligations or purchase money obligations; PROVIDED that the aggregate principal amount of the Capital Lease Obligations, purchase money obligations and extensions, renewals and replacements thereof incurred pursuant to this clause (v) and outstanding at any time shall not exceed $4,000,000;

(vi) Indebtedness of the Borrower created under Hedging Obligations required under Section 5.12 or entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary is exposed in the conduct of its business or the management of its liabilities and not for speculative purposes;

(vii) Indebtedness of any Subsidiary that existed at the time such person became a Subsidiary and that was not incurred in contemplation of the acquisition by the Borrower or another Subsidiary of such Subsidiary; PROVIDED that the aggregate principal amount of Indebtedness permitted by this clause (vii) shall not exceed $4,000,000 at any time outstanding;

(viii) obligations with respect to surety bonds obtained by the Borrower or any of the Subsidiaries in the ordinary course of business to secure their obligations with respect to applicable workmen's compensation laws; PROVIDED that the aggregate principal amount of such obligations shall not exceed $3,000,000 at any time outstanding;

(ix) Indebtedness of the Borrower or any of the Subsidiaries incurred to finance insurance premiums; PROVIDED that the aggregate principal amount of Indebtedness permitted by this clause (ix) shall not exceed $2,000,000 at any time outstanding;

(x) unsecured Indebtedness of the Borrower or any of the Subsidiaries to the seller of any business incurred in connection with a Permitted Acquisition of such business; PROVIDED that (A) such Indebtedness is subordinated to the Obligations on terms acceptable to the Administrative Agent, (B) the terms of such Indebtedness shall not provide for any maturity, amortization, sinking fund payment, mandatory redemption, other required repayment or repurchase of, or cash interest or other similar payment with respect to, such Indebtedness, in each case prior to the Term Loan Maturity Date (except that deferred payments related to Permitted Acquisitions shall not be subject to this clause (B)), (C) the covenants and events of default relating to such Indebtedness shall be no more restrictive than those relating to the Subordinated Debt contained in the Subordinated Debt Agreement as in effect on the Original Closing Date and (D) the aggregate principal amount of Indebtedness permitted by this clause (x) shall not exceed $13,000,000 at any time outstanding; and

(xi) other unsecured Indebtedness of the Borrower and the Subsidiaries in an aggregate principal amount not exceeding $5,000,000;

PROVIDED, HOWEVER, that the aggregate principal amount of Indebtedness permitted by the foregoing clauses (i) and (iv)-(xi), excluding deferred payments related to Permitted Acquisitions, shall not exceed $10,000,000 at any time outstanding.

(b) The Borrower will not, and will not cause or permit any Subsidiary to, issue any Equity Interests other than (i) common stock of the Borrower, (ii) Preferred Stock of the

Borrower (A) that is not Disqualified Stock and (B) the terms of which do not provide for the declaration or payment of any dividend or distribution (other than in additional shares of such Preferred Stock or in common stock) on or prior to the Term Loan Maturity Date and (iii) common stock of Subsidiaries issued to the Borrower or other Subsidiaries.

SECTION 6.02. LIENS. The Borrower will not, and will not cause or permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests, Rights or other securities of any person, including any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect thereof, or assign or transfer any such income or revenues or rights in respect thereof, except:

(a) Liens on property or assets existing on the Second Restatement Closing Date and set forth in Schedule 6.02; PROVIDED that such Liens shall extend only to those assets to which they extend on the Second Restatement Closing Date and shall secure only those obligations which they secure on the Second Restatement Closing Date;

(b) Liens created under the Credit Documents;

(c) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary, which properties and assets are acquired after the Original Closing Date; PROVIDED that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien does not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Lien does not (A) materially interfere with the use, occupancy and operation of any asset or property subject thereto, (B) materially reduce the fair market value of such asset or property but for such Lien or (C) result in any material increase in the cost of operating, occupying or owning or leasing such asset or property;

(d) Liens for taxes not yet due or which are being contested in compliance with Section 5.03;

(e) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business and securing obligations that are not due and payable or that are being contested in compliance with Section 5.03;

(f) pledges and deposits made in the ordinary course of business to comply with workmen's compensation, unemployment insurance and other social security laws or regulations;

(g) zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or any Subsidiary;

(h) judgment liens securing judgments that have not resulted in an Event of Default under paragraph (i) of Article VII;

(i) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the

Borrower or any of the Subsidiaries; PROVIDED that (i) such security interests secure Indebtedness permitted by Section 6.01(a)(v), (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (iii) the Indebtedness secured thereby does not exceed the lesser of the cost or the Fair Market Value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iv) such security interests do not apply to any other property or assets of the Borrower or any of the Subsidiaries;

(j) the interests of lessors with respect to Capital Lease Obligations permitted under Section 6.01(a)(v);

(k) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; and

(l) other Liens on property or assets of the Borrower and the Subsidiaries securing obligations in an aggregate amount at any time not to exceed $2,000,000.

SECTION 6.03. SALE AND LEASE-BACK TRANSACTIONS. The Borrower will not, and will not cause or permit any Subsidiary to, enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

SECTION 6.04. INVESTMENTS, LOANS AND ADVANCES. The Borrower will not, and will not cause or permit any Subsidiary to, make or permit to exist any Investment in any other person, except:

(a) Investments by the Borrower or any Subsidiary existing on the Second Restatement Closing Date and set forth on Schedule 6.04;

(b) Investments in any Subsidiary by the Borrower or any other Subsidiary existing on the Second Restatement Closing Date;

(c) (i) additional Investments in wholly owned Domestic Subsidiaries (PROVIDED that management or pre-acquisition holders of Equity Interests of any such Domestic Subsidiary acquired pursuant to a Permitted Acquisition may own up to 10% in the aggregate of the Equity Interests of such Subsidiary so long as no more than two Subsidiaries that are less than wholly owned Subsidiaries are created or acquired during the term of this Agreement) and (ii) additional Investments in wholly owned Foreign Subsidiaries in an aggregate amount not greater than $2,000,000 during any fiscal year of the Borrower, in each case to the extent any resulting Indebtedness is permitted under Section 6.01(a)(iv);

(d) Investments in the form of loans and advances to employees in an aggregate amount outstanding at any time not to exceed $250,000;

(e) Permitted Acquisitions;

(f) Permitted Investments; and

(g) other Investments in an aggregate amount not greater than $2,000,000 at any time.

SECTION 6.05. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SALES OF ASSETS. (a) The Borrower will not, and will not cause or permit any Subsidiary to, merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, PROVIDED that if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing (i) any wholly owned Subsidiary may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any wholly owned Subsidiary may merge into or consolidate with any other wholly owned Subsidiary in a transaction in which the surviving entity is a wholly owned Subsidiary and no person other than the Borrower or a wholly owned Subsidiary receives any consideration and (iii) any Subsidiary may merge with or into or consolidate with the relevant Target in connection with a Permitted Acquisition, including the Merger (PROVIDED that, except as permitted by clause (d) of the definition of the term "Permitted Acquisition", the percentage of Voting Stock of such Subsidiary owned directly or indirectly by the Borrower shall not change as a result of such merger or consolidation).

(b) The Borrower will not, and will not cause or permit any Subsidiary to, enter into any Asset Acquisition or Stock Acquisition other than a Permitted Acquisition.

(c) The Borrower will not, and will not cause or permit any Subsidiary to, enter into any Asset Disposition (other than Asset Dispositions involving assets with an aggregate book value and Fair Market Value not in excess of $2,000,000 during the term of this Agreement and the proceeds of which are applied in accordance with Section 2.13(c)).

SECTION 6.06. DIVIDENDS AND DISTRIBUTIONS; RESTRICTIONS ON REPAYMENT OF INDEBTEDNESS AND ABILITY OF SUBSIDIARIES TO PAY DIVIDENDS. (a) The Borrower will not, and will not cause or permit any Subsidiary to, directly or indirectly:

(i) declare or pay any dividend or make any distribution (whether in cash, securities or other property) on or with respect to the Equity Interests of the Borrower or any Subsidiary except for (A) dividends paid by Subsidiaries ratably to the holders of their common stock or other Equity Interests and (B) dividends paid by the Borrower solely in its common stock (or, in the case of Preferred Stock permitted by Section 6.01(b), in additional shares of such Preferred Stock or common stock of the Borrower); or

(ii) purchase, repurchase, redeem, retire or otherwise acquire for value any Equity Interests or Rights of the Borrower or any Affiliate of the Borrower held by persons other than the Borrower or a wholly owned Subsidiary or any securities exchangeable for or convertible into any such Equity Interests or Rights; PROVIDED, HOWEVER, that the Borrower may repurchase, redeem, retire or otherwise acquire Equity Interests or Rights of the Borrower owned by employees of the Borrower and the Subsidiaries or their assigns, estates and heirs, at a price not in excess of fair market value determined in good faith by the Board of Directors of the Borrower, in an aggregate amount not to exceed $4,000,000 during the term of this Agreement.

(b) The Borrower will not, and will not cause or permit any Subsidiary to, make or agree to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancelation or termination of any Indebtedness, except:

(i) payment of Indebtedness created under the Credit Documents;

(ii) payment of mandatory interest and principal payments as and when due in accordance with the terms of any Indebtedness, other than payments in respect of the Subordinated Debt or other subordinated obligations prohibited by the subordination provisions thereof; PROVIDED, HOWEVER, that (A) prior to October 1, 2004, all payments of interest with respect to the Subordinated Debt shall be made in kind through the issuance of additional Subordinated Notes having terms identical to the terms of the Subordinated Notes as in effect on the Original Closing Date and (B) with respect to all cash interest payments in respect of the Subordinated Debt made on or after October 1, 2004, at the time such interest payment is made, no Default shall have occurred and be continuing and the Borrower shall be in compliance, on a pro forma basis after giving effect to such interest payment, with the covenants contained in Sections 6.13, 6.14 and 6.15;

(iii) refinancings of Indebtedness to the extent permitted by Section 6.01; and

(iv) payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness.

(c) The Borrower will not, and will not cause or permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any contractual or consensual encumbrance or restriction on the ability of any such Subsidiary to (i) pay any dividends or make any other distributions on its Equity Interests or (ii) make or repay any loans or advances to the Borrower or to any other Subsidiary.

SECTION 6.07. TRANSACTIONS WITH AFFILIATES. Except as set forth on Schedule 6.07, the Borrower will not, and will not cause or permit any Subsidiary to, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates except that the Borrower or any Subsidiary may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from an unrelated third party.

SECTION 6.08. BUSINESS OF THE BORROWER AND SUBSIDIARIES. The Borrower will not, and will not cause or permit any Subsidiary to, engage at any time in any business or business activity other than businesses in which it is engaged on the Second Restatement Closing Date and business activities reasonably related thereto.

SECTION 6.09. MODIFICATION OF CERTAIN AGREEMENTS. The Borrower will not, and will not cause or permit any Subsidiary to, consent to any amendment, supplement or other modification of any of the terms or provisions contained in (a) the Subordinated Debt Agreement, the Subordinated Notes or any other document or instrument evidencing or applicable to the Subordinated Debt, (b) in the case of any Subsidiary, its certificate of

incorporation, by-laws or other organizational documents (except to the extent such amendment, supplement or modification would not adversely affect the rights or interests of the Lenders) or (c) the Merger Agreement.

SECTION 6.10. FISCAL YEAR. The Borrower will not change the end of (a) its fiscal year from December 31 to any other date and (b) its fiscal quarter from the end of the calendar quarter to any other date.

SECTION 6.11. CAPITAL EXPENDITURES. The Borrower will not, and will not cause or permit any of the Subsidiaries to, make Capital Expenditures in any fiscal year of the Borrower in excess of the amount set forth below opposite such fiscal year:

FISCAL YEAR	CASH CAPITAL EXPENDITURE LIMIT
1999	$400,000
2000	$3,000,000
2001	$5,000,000
2002	$5,000,000
2003	$5,000,000
2004	$5,000,000
2005	$5,000,000

PROVIDED, HOWEVER, Capital Expenditures of up to $1,000,000 permitted but not made during any fiscal year may be used to increase Capital Expenditures made during the following fiscal year.

SECTION VI.12. MINIMUM ADJUSTED EBITDA. The Borrower will not permit Adjusted EBITDA for any period of four consecutive fiscal quarters ending on any date set forth below to be less than the amount set forth below opposite such date:

DATE	AMOUNT
December 31, 2000	$38,500,000
December 31, 2001	$45,000,000
December 31, 2002	$55,000,000
December 31, 2003	$70,000,000
December 31, 2004	$80,000,000
December 31, 2005	$95,000,000

SECTION 6.13. DEBT/ADJUSTED EBITDA RATIO. The Borrower will not permit, as of any date during any period set forth below, the ratio of (a) the total amount of Debt of the Borrower and the consolidated Subsidiaries as of such date to (b) Adjusted EBITDA for the period of four fiscal quarters (including with respect to any fiscal quarter of the Borrower ending on or before September 30, 2000 such pro forma adjustments as may be necessary to reflect CCS's results of operations for periods ended prior to July 29, 1999) most recently ended as of such date for which financial statements have been delivered under Section 5.04(a) or (b) (the "DEBT/ADJUSTED

EBITDA RATIO") to be in excess of the ratio set forth below opposite the period in which such date occurs:

DATE	RATIO
December 16, 1999 through June 29, 2000	5.00 to 1.00
June 30, 2000 through December 30, 2000	4.75 to 1.00
December 31, 2000 through March 31, 2001	4.50 to 1.00
April 1, 2001 through June 30, 2001	4.50 to 1.00
July 1, 2001 through December 30, 2001	4.25 to 1.00
December 31, 2001 through December 30, 2002	3.75 to 1.00
December 31, 2002 through December 30, 2003	3.50 to 1.00
December 31, 2003 through December 30, 2004	2.50 to 1.00
December 31, 2004 and thereafter	2.00 to 1.00

SECTION 6.14. SENIOR DEBT/ADJUSTED EBITDA RATIO. The Borrower will not permit, as of any date during any period set forth below, the ratio of (a) the total amount of Senior Debt as of such date to (b) Adjusted EBITDA for the period of four fiscal quarters (including with respect to any fiscal quarter of the Borrower ending on or before September 30, 2000 such pro forma adjustments as may be necessary to reflect CCS's results of operations for periods ended prior to July 29, 1999) most recently ended as of such date for which financial statements have been delivered under Section 5.04(a) or (b) (the "SENIOR DEBT/ADJUSTED EBITDA RATIO") to be in excess of the ratio set forth below opposite the period in which such date occurs:

DATE	RATIO
December 16, 1999 through June 29, 2000	4.00 to 1.00
June 30, 2000 through December 30, 2000	3.75 to 1.00
December 31, 2000 through March 31, 2001	3.50 to 1.00
April 1, 2001 through June 30, 2001	3.50 to 1.00
July 1, 2001 through December 30, 2001	3.25 to 1.00
December 31, 2001 through December 30, 2002	2.75 to 1.00
December 31, 2002 through December 30, 2003	2.00 to 1.00
December 31, 2003 and thereafter	1.25 to 1.00

SECTION 6.15. CONSOLIDATED INTEREST EXPENSE COVERAGE RATIO. The Borrower will not permit the ratio of Adjusted EBITDA (including with respect to any fiscal quarter of the Borrower ending on or before September 30, 2000 such pro forma adjustments as may be necessary to reflect CCS's results of operations for periods ended prior to July 29, 1999) to Consolidated Interest Expense for any period of four consecutive fiscal quarters ending on any fiscal quarter end date during any period set forth below to be less than the ratio set forth below opposite such period:

DATE	RATIO
December 16, 1999 through June 29, 2000	2.80 to 1.00
June 30, 2000 through December 30, 2000	
December 31, 2000 through September 30,	3.00 to 1.00
2001	3.50 to 1.00
October 1, 2001 through March 31, 2002	3.75 to 1.00
April 1, 2002 and thereafter	4.00 to 1.00

ARTICLE VII

DEFAULTS AND REMEDIES

SECTION 7.01. DEFAULTS AND REMEDIES.

In case of the happening of any of the following events ("EVENTS OF DEFAULT"):

(a) REPRESENTATIONS AND WARRANTIES. Any representation or warranty made or deemed made in or in connection with any Credit Document or in connection with any Credit Event, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Credit Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished.

(b) PAYMENT OF PRINCIPAL. Default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise.

(c) PAYMENT OF INTEREST, FEES, ETC. Default shall be made in the payment of any interest on any Loan or L/C Disbursement or any Fee or any other amount (other than an amount referred to in clause (b)) due under any Credit Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days.

(d) CERTAIN COVENANTS. Default shall be made in the due observance or performance by the Borrower or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a), 5.05 or 5.08 or in Article VI.

(e) OTHER COVENANTS. Default shall be made in the due observance or performance by the Borrower or any Subsidiary of any covenant, condition or agreement contained in any Credit Document (other than those specified in clause (b), (c) or (d)) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Borrower.

(f) DEFAULT ON OTHER INDEBTEDNESS. (i) the Borrower or any of the Subsidiaries shall fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness when and as the same shall become due and payable, (ii) the Borrower or any of the Subsidiaries shall fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Material Indebtedness, or any other event or condition shall occur, if the effect of any failure or other event or condition referred to in this clause (ii) shall be to cause, or to permit the holder or holders of such Material Indebtedness or a trustee on its or their behalf to cause, with or without the giving of notice, the lapse of time or both, such Material Indebtedness to become due or to be required to be repurchased, redeemed or defeased prior to its stated maturity.

(g) INVOLUNTARY BANKRUPTCY. An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking

(i) relief in respect of the Borrower or any Subsidiary, or of a substantial part of the property or assets of the Borrower or a Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of the property or assets of the Borrower or a Subsidiary or (iii) the winding-up or liquidation of the Borrower or any Subsidiary; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered.

(h) VOLUNTARY BANKRUPTCY. The Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (g), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of the property or assets of the Borrower or any Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing.

(i) JUDGMENT DEFAULT. One or more judgments for the payment of money in an aggregate amount in excess of $2,000,000 shall be rendered against the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower or any Subsidiary to enforce any such judgment.

(j) ERISA. An ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events, could reasonably be expected to result in liability of the Borrower and its ERISA Affiliates in an aggregate amount exceeding $2,000,000 or to require payments exceeding $1,000,000 in any year.

(k) IMPAIRMENT OF SECURITY INTERESTS. Any security interest purported to be created by any Collateral Document shall cease to be, or shall be asserted by the Borrower not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Collateral Document) security interest in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the failure of the Collateral Agent to maintain possession of certificates representing securities pledged under the Collateral Agreement and except to the extent that such loss is covered by a lender's title insurance policy and the related insurer promptly after such loss shall have acknowledged in writing that such loss is covered by such title insurance policy.

(l) IMPAIRMENT OF CREDIT DOCUMENTS. Any Credit Document shall cease, for any reason, to be in full force and effect or the Borrower shall so assert in writing.

(m) CHANGE IN CONTROL. There shall have occurred a Change in Control.

then, in every such event (other than an event with respect to the Borrower described in clause (g) or (h)), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Credit Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Credit Document to the contrary notwithstanding; and in any event with respect to the Borrower described in clause (g) or (h), the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Credit Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Credit Document to the contrary notwithstanding. The Required Lenders by notice to the Administrative Agent may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

ARTICLE VIII

THE AGENTS

SECTION 8.01. APPOINTMENT OF AGENTS. In order to expedite the transactions contemplated by this Agreement, Salomon Smith Barney Inc. is hereby appointed to act as Arranger, Citibank, N.A., is hereby appointed to act as Administrative Agent, Collateral Agent on behalf of the Lenders and the Issuing Bank, Bankers Trust Company is hereby appointed to act as Syndication Agent and Wachovia Bank, N.A., is hereby appointed to act as Documentation Agent (for purposes of this Article VIII, the Arranger, the Collateral Agent, the Administrative Agent, the Syndication Agent and the Documentation Agent are referred to collectively as the "AGENTS"). Each of the Lenders, each assignee of any such Lender and the Issuing Bank hereby irrevocably authorizes the Agents to take such actions on behalf of such Lender or assignee or the Issuing Bank and to exercise such powers as are specifically delegated to the Agents by the terms and provisions hereof and of the other Credit Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and the Issuing Bank, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders, any assignees of the Lenders and the Issuing Bank all payments of principal of and interest on the Loans, all payments in respect of L/C Disbursements and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender, each assignee of any such Lender or the Issuing Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders or the Issuing Bank to the Borrower of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder;

and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement or the other Credit Documents as received by the Administrative Agent. It is expressly understood that none of the Arranger, the Syndication Agent and the Documentation Agent shall have any duties or responsibilities under this Agreement.

SECTION 8.02. LIMITATIONS ON LIABILITY. Neither the Agents nor any of their respective directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements contained in any Credit Document. The Agents shall not be responsible to the Lenders or any assignees of the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Credit Documents, instruments or agreements. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof until it shall have received from the payee of such Note notice, given as provided herein, of the transfer thereof in compliance with Section 9.04. The Agents shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and each assignee of any Lender. Each Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Agents nor any of their respective directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure of or delay in performance or breach by any Lender or the Issuing Bank of any of its obligations hereunder or to any Lender or the Issuing Bank on account of the failure of or delay in performance or breach by any other Lender or the Issuing Bank or the Borrower of any of their respective obligations hereunder or under any other Credit Document or in connection herewith or therewith. Each of the Agents may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

SECTION 8.03. ACTING AT THE DIRECTION OF THE REQUIRED LENDERS. The Lenders hereby acknowledge that no Agent shall be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

SECTION 8.04. RESIGNATION OF THE AGENTS. Subject to the appointment and acceptance of a successor Agent as provided below, any Agent may resign at any time by notifying the Lenders and the Borrower in writing. Upon any such resignation, the Required Lenders shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Lenders (subject, so long as no Event of Default has occurred and is continuing, to the consent of the Borrower, not to be unreasonably withheld or delayed) and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as

Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After an Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

SECTION 8.05. OTHER TRANSACTIONS. With respect to the Loans made by it hereunder (and the Notes issued to it), each Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Agent, and the Agents and their Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent.

SECTION 8.06. REIMBURSEMENT AND INDEMNITY. Each Lender agrees (a) to reimburse the Agents, on demand, in the amount of its pro rata share (based on its Commitments hereunder) of any expenses incurred for the benefit of the Lenders by the Agents, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, that shall not have been reimbursed by the Borrower and (b) to indemnify and hold harmless each Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against it in its capacity as Agent or any of them in any way relating to or arising out of this Agreement or any other Credit Document or any action taken or omitted by it or any of them under this Agreement or any other Credit Document, to the extent the same shall not have been reimbursed by the Borrower, PROVIDED that no Lender shall be liable to an Agent or any such other indemnified person for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Agent or any of its directors, officers, employees or agents. Each Revolving Credit Lender agrees to reimburse the Issuing Bank and its directors, officers, employees and agents, in each case, to the same extent and subject to the same limitations as provided above for the Agents.

SECTION 8.07. NO RELIANCE. Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Credit Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. NOTICES. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(a) if to the Borrower to Cross Country TravCorps, Inc., 6551 Park of Commerce Boulevard, N.W., Suite 200, Boca Raton, Florida 33847, Attention of Emil Hensel, Chief Financial Officer (fax (561) 912-9068);

(b) if to the Administrative Agent, the Issuing Bank or the Swingline Lender, to Citicorp USA, Inc., at 2 Penns Way, Suite 200, New Castle, Delaware 19720, Attention of Global Loans Servicing Center (fax (302) 894-6120), with a copy of each report, financial statement, notice or other document required to be delivered by the Borrower under Article V to Citicorp USA, Inc., 390 Greenwich Street, 1st Floor, New York, New York 10013, Attention of Michael Chlopak (fax (212) 723-8547); and

(c) if to a Lender, to it at its address (or fax number) set forth on Annex 2 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by fax or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section or in accordance with the latest unrevoked direction from such party given in accordance with this Section.

SECTION 9.02. SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Credit Document shall be considered to have been relied upon by the Lenders and the Issuing Bank and shall survive the making by the Lenders of the Loans, the issuance of Letters of Credit by the Issuing Bank and the execution and delivery to the Lenders of the Notes evidencing such Loans, regardless of any investigation made by the Lenders or the Issuing Bank or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Credit Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not been terminated. The provisions of Sections 2.14, 2.16, 2.20 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any other Credit Document, or any investigation made by or on behalf of the Syndication Agent, the Administrative Agent, the Collateral Agent, the Documentation Agent, the Issuing Bank or any Lender.

SECTION 9.03. BINDING EFFECT; TERMINATION. This Agreement shall become effective when it shall have been executed by the Borrower and the Administrative Agent and when the

Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns. This Agreement shall remain in effect until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Credit Document shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full.

SECTION 9.04. SUCCESSORS AND ASSIGNS. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Administrative Agent, the Issuing Bank or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it and the Notes held by it); PROVIDED, HOWEVER, that

(i) the Borrower and the Administrative Agent and (only with respect to Revolving Credit Commitments and Revolving Loans) the Issuing Bank and the Swingline Lender must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), except in the case of an assignment to a Lender or an Affiliate of a Lender of any Loan or Note (in which case no consent of any party shall be required), or at any time when an Event of Default has occurred and is continuing (in which case no consent of the Borrower shall be required),

(ii) except with the prior written consent of the Borrower and the Administrative Agent, the amount of the Commitment and/or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 and an integral multiple of $1,000,000 (or shall equal the entire remaining amount of such Lender's Commitment and/or Loans),

(iii) each such assignment, if it is an assignment of a Revolving Credit Commitment and/or Revolving Loans, shall be of a constant, and not a varying, percentage of all the assigning Lender's rights and obligations with respect to the Revolving Credit Commitments and Revolving Loans,

(iv) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with the Note or Notes subject to such assignment and a processing and recordation fee of $3,500 and

(v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to clause (e) of this Section, from and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment

and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16, 2.20 and 9.05, as well as to any Fees accrued for its account and not yet paid).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitments and Loans (and the outstanding balances thereof), in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in clause (i), such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrower or any Subsidiary or the performance or observance by the Borrower or any Subsidiary of any of its obligations under this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 3.05(a) or delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Arranger, the Administrative Agent, the Collateral Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent and the Collateral Agent, respectively, by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "REGISTER"). The entries in the Register shall be conclusive and the Borrower, the Arranger, the Administrative Agent, the Issuing Bank, the Collateral Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Arranger, the Issuing Bank, the Collateral Agent and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee together with the Note or Notes subject to such assignment, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall

already be a Lender hereunder), the processing and recordation fee referred to in clause (b) and, if required, the written consent of the Borrower, the Administrative Agent and (only with respect to Revolving Credit Commitments and Revolving Loans) the Issuing Bank and the Swingline Lender to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Issuing Bank and the Lenders. No assignment shall be effective unless it has been recorded in the Register as provided in this clause. Within five Business Days after receipt of notice (to the extent requested by such assignee), (i) the Borrower, at its own expense, shall execute and deliver to the Administrative Agent new Notes payable to the order of such assignee (or, if such assignee shall so request, to such assignee or registered assigns) representing the Commitments and Loans acquired by such assignee pursuant to such Assignment and Acceptance and (ii) the assigning Lender, if it shall cease to be a party hereto as provided in clause (a), shall deliver the Notes held by it to the Borrower for cancelation. The new Notes delivered to such assignee shall be dated the date of the original Notes issued hereunder and shall otherwise be in substantially the form of the appropriate Exhibit or Exhibits thereto.

(f) Each Lender may without the consent of the Borrower, the Issuing Bank, the Swingline Lender or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it and the Notes held by it); PROVIDED, HOWEVER, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 to the same extent as if they were Lenders and (iv) the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans or L/C Disbursements and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers which extend the final scheduled maturity of any Loan or Letter of Credit (unless such Letter of Credit is not extended beyond the Revolving Credit Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest amounts) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (PROVIDED that a waiver of any Default or of a mandatory reduction in the Commitment shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased thereby), or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to Section 9.17.

(h) Any Lender may at any time assign all or any portion of its rights under this Agreement and the Notes issued to it to a Federal Reserve Bank to secure extensions of credit by such Federal Reserve Bank to such Lender; PROVIDED that no such assignment shall release a Lender from any of its obligations hereunder or substitute any such Bank for such Lender as a party hereto.

(i) The Borrower shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent, the Issuing Bank and each Lender, and any attempted assignment without such consent shall be null and void.

(j) If S&P, Moody's and Thompson's BankWatch (or InsuranceWatch Ratings Service, in the case of Lenders that are insurance companies (or Best's Insurance Reports, if such insurance company is not rated by Insurance Watch Ratings Service)) shall, after the date that any Lender becomes a Revolving Credit Lender, downgrade the long-term certificate of deposit ratings, or claims paying ratings, in the case of a Lender that is an insurance company, and the resulting ratings shall be below BBB-, Baa3 and C (or BB, in the case of a Lender that is an insurance company (or B, in the case of an insurance company not rated by InsuranceWatch Ratings Service)), then the Issuing Bank shall have the right, but not the obligation, at its own expense, upon notice to such Lender and the Administrative Agent, to replace (or to request the Borrower to use its reasonable efforts to replace) such Lender with an assignee (in accordance with and subject to the restrictions contained in clause (b)), and such Lender hereby agrees to transfer and assign without recourse (in accordance with and subject to the restrictions contained in clause (b)) all its interests, rights and obligations in respect of its Revolving Credit Commitment to such assignee; PROVIDED, HOWEVER, that (i) no such assignment shall conflict with any law, rule and regulation or order of any Governmental Authority and (ii) the Issuing Bank or such assignee, as the case may be, shall pay to such Lender in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder.

SECTION 9.05. EXPENSES; INDEMNITY. (a) The Borrower agrees to pay all reasonable out-of-pocket expenses incurred by the Issuing Bank, the Swingline Lender, the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent and the Documentation Agent in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement and the other Credit Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated) or incurred by the Issuing Bank, the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement and the other Credit Documents or the Loans made or the Notes or Letters of Credit issued hereunder, as applicable, including expenses incurred in connection with due diligence and the fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Agents and, in connection with any such enforcement or protection, the fees, charges and disbursements of any other counsel for the Agents or any Lender.

(b) The Borrower agrees to indemnify the Issuing Bank, the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent and each Lender, each Affiliate of any of the foregoing persons and each of their respective directors, officers, employees and agents (each such person being called an "INDEMNITEE")

against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Credit Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans or issuance of Letters of Credit, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, or (iv) any actual or alleged presence or Release of Hazardous Materials on any property owned or operated by the Borrower or any of the Subsidiaries, or any Environmental Claim related in any way to the Borrower or the Subsidiaries; PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Letters of Credit, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Credit Document, or any investigation made by or on behalf of the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent or any Lender or the Issuing Bank. All amounts due under this Section shall be payable on written demand therefor.

SECTION 9.06. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, except to the extent prohibited by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement and other Credit Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Credit Document and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.07. APPLICABLE LAW. THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS (OTHER THAN LETTERS OF CREDIT AND AS EXPRESSLY SET FORTH IN OTHER CREDIT DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO SUCH LAWS OR RULES ARE DESIGNATED, THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1997 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500 (THE "UNIFORM CUSTOMS") AND, AS TO MATTERS NOT GOVERNED BY THE UNIFORM CUSTOMS, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. WAIVERS; AMENDMENT; REPLACEMENT LENDERS. (a) No failure or delay of the Administrative Agent, the Collateral Agent, any Lender or the Issuing Bank in exercising

any power or right hereunder or under any other Credit Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent, the Issuing Bank and the Lenders hereunder and under the other Credit Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Credit Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by clause (b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders; PROVIDED, HOWEVER, that no such agreement shall (i) decrease the principal amount of, or extend the date of any scheduled payment of principal of, or the date of any payment of any interest on, any Loan or any date for reimbursement of an L/C Disbursement, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan or L/C Disbursement, without the prior written consent of each Lender affected thereby, (ii) change or extend the Commitment or decrease or extend the date for payment of the Commitment Fees of any Lender or impose additional obligations on any Lender without the prior written consent of each Lender affected thereby, (iii) amend or modify the provisions of Section 2.17 or 9.04(i), the provisions of this Section or the definition of the term "Required Lenders", or release all or any substantial part of the Collateral or any material Subsidiary Guarantor, or waive any condition precedent to the initial Credit Event hereunder, without the prior written consent of each Lender, (iv) reduce the portion of any prepayment required to be applied against the outstanding Term Loans, or change the application of any such portion among the remaining installments of principal due in respect of the Term Loans pursuant to Section 2.13, without the consent of the Lenders holding a majority in the principal amount of the outstanding Term Loans; or (v) amend, modify or otherwise affect the rights or duties of the Arranger, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Swingline Lender, the Syndication Agent or the Documentation Agent hereunder or under any other Credit Document without the prior written consent of the Arranger, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Swingline Lender, the Syndication Agent or the Documentation Agent, as the case may be. Each Lender and each holder of a Note shall be bound by any waiver, amendment or modification authorized by this Section regardless of whether its Note shall have been marked to make reference thereto, and any consent by any Lender or holder of a Note pursuant to this Section shall bind any person subsequently acquiring a Note from it, whether or not such Note shall have been so marked.

(c) Notwithstanding the foregoing, if the Borrower shall request the release of any Collateral that is to be the subject of any Asset Disposition and shall deliver to the Collateral Agent a certificate to the effect that such Asset Disposition and the application of the proceeds thereof will comply with the terms of this Agreement, the Collateral Agent, if satisfied that the applicable certificate is correct, shall, without the consent of any Lender, execute and deliver all such instruments as may be required to effect the release of such Collateral.

(d) If a Lender refuses to consent to a proposed change, waiver, discharge or termination with respect to this Agreement that requires the consent of all the Lenders and that has been approved by the Required Lenders, the Borrower shall have the right for a 60 day period following such refusal to replace such Lender (a "REPLACED LENDER") with one or more assignees permitted pursuant to Section 9.04 (collectively, the "REPLACEMENT LENDER") acceptable to Administrative Agent, PROVIDED that

(i) at the time of any replacement pursuant to this clause, the Replacement Lender and Replaced Lender shall enter into one or more Assignment and Acceptances pursuant to Section 9.04(b) (and with all fees payable pursuant to Section 9.04(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire all of the outstanding Loans and Commitments of, participations in Letters of Credit by and accrued interest and Fees of the Replaced Lender;

(ii) the Replacement Lender shall pay to the Replaced Lender in respect thereof an amount equal to the sum of (A) the principal of, and all unpaid interest accrued on, all outstanding Loans of the Replaced Lender, and all accrued and unpaid Fees payable to the Replaced Lender and (B) all amounts in respect of drawings on Letters of Credit that have been funded by (and not reimbursed to) such Replaced Lender, together with all unpaid interest thereon;

(iii) the Replacement Lender shall pay to the appropriate Issuing Bank an amount equal to such Replaced Lender's Revolving Percentage of any unpaid drawings with respect to Letters of Credit issued by it to the extent such amount was not theretofore funded by such Replaced Lender; and

(iv) all obligations of the Borrower owing to the Replaced Lender other than principal, interest and Commitment Fees shall be paid in full to such Replaced Lender concurrently with such replacement.

Upon the execution of the respective Assignment and Acceptance, recordation of such assignment in the Register by Administrative Agent, and the payment of foregoing amounts, the Replacement Lender shall become a Lender hereunder and the Replaced Lender shall cease to constitute a Lender hereunder except with respect to indemnification provisions under this Agreement which by the terms of this Agreement survive the termination of this Agreement, which indemnification provisions shall survive as to such Replaced Lender. Notwithstanding anything to the contrary contained above, no Issuing Bank may be replaced hereunder at any time while it has Letters of Credit outstanding hereunder unless arrangements satisfactory to such Issuing Bank (including the furnishing of a standby letter of credit in form and substance and issued by an issuer satisfactory to such Issuing Bank or the furnishing of cash collateral in amounts and pursuant to arrangements satisfactory to such Issuing Bank) have been made with respect to such outstanding Letters of Credit.

SECTION 9.09. INTEREST RATE LIMITATION. Notwithstanding anything herein or in the Notes to the contrary, if at any time the interest rate applicable to any Loan or participation in any L/C Disbursement, together with all fees, charges and other amounts which are treated as interest on such Loan or participation in such L/C Disbursement under applicable law (collectively the "CHARGES"), shall exceed the maximum lawful rate (the "MAXIMUM RATE") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or participation in accordance with applicable law, the rate of interest payable in respect of

such Loan or participation hereunder or under the Note held by such Lender, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or participation but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or participations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.10. ENTIRE AGREEMENT. This Agreement, the Fee Letter and the other Credit Documents constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Credit Documents. Nothing in this Agreement or in the other Credit Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Credit Documents.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.12. SEVERABILITY. If any one or more of the provisions contained in this Agreement or in any other Credit Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (and the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. COUNTERPARTS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page to this Agreement by fax transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 9.14. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Credit Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Arranger, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Credit Documents against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Credit Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.16. JUDGMENT CURRENCY. (a) The obligations of the Borrower hereunder and under the other Credit Documents to make payments in dollars (the "OBLIGATION CURRENCY") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender or the Issuing Bank of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender or the Issuing Bank under this Agreement or the other Credit Documents. If, for the purpose of obtaining or enforcing judgment against the Borrower or in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "JUDGMENT Currency") an amount due in the Obligation Currency, the conversion shall be made at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the date immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "JUDGMENT CURRENCY CONVERSION DATE").

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrower covenants and agrees to pay, or cause to be paid, as a separate obligation and notwithstanding any judgment, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation

Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining the rate of exchange for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

SECTION 9.17. CONFIDENTIALITY. The Administrative Agent, the Arranger, the Collateral Agent and each of the Lenders and the Issuing Bank agrees to keep confidential (and to use its best efforts to cause its respective agents and representatives to keep confidential) the Information (as defined below) and all copies thereof, extracts therefrom and analyses or other materials based thereon, except that the Administrative Agent, the Arranger, the Collateral Agent or any Lender or the Issuing Bank shall be permitted to disclose Information (a) to such of its respective officers, directors, employees, agents, affiliates and representatives as need to know such Information, (b) to the extent requested by any regulatory authority, (c) to the extent otherwise required by applicable laws and regulations or by any subpoena or similar legal process, (d) in connection with any suit, action or proceeding relating to the enforcement of its rights hereunder or under the other Credit Documents, (e) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Arranger, the Collateral Agent or any Lender or the Issuing Bank on a nonconfidential basis from a source other than the Borrower or (f) to its own lenders and to ratings agencies to the extent required by such persons in the ordinary course of their business. For the purposes of this Section, "INFORMATION" means all financial statements, certificates, reports, agreements and information (including all analyses, compilations and studies prepared by the Administrative Agent, the Arranger, the Collateral Agent or any Lender or the Issuing Bank based on any of the foregoing) that are received from the Borrower and related to the Borrower, any shareholder of the Borrower or any employee, customer or supplier of the Borrower, other than any of the foregoing that were available to the Administrative Agent, the Arranger, the Collateral Agent or any Lender or the Issuing Bank on a nonconfidential basis prior to its disclosure thereto by the Borrower, and which are in the case of Information provided after the date hereof, clearly identified at the time of delivery as confidential. The provisions of this Section shall remain operative and in full force and effect regardless of the expiration or termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

CROSS COUNTRY TRAVCORPS, INC.,

by /s/ Emil Hensel

Name: Emil Hensel
Title: Chief Financial Officer

CITICORP USA, INC., individually and as
Administrative Agent, Collateral
Agent, Issuing Bank and Swingline Lender,

by /s/ Nicolas T. Erni

Name: Nicolas T. Erni
Title: Director

SALOMON SMITH BARNEY INC., as Arranger,

by /s/ Nicolas T. Erni

Name: Nicolas T. Erni
Title: Attorney-in-Fact

BANKERS TRUST COMPANY,
individually and as Syndication Agent,

by /s/ Scottie D. Lindsey

Name: Scottie D. Lindsey
Title: Vice President

BANK OF AMERICA, N.A.,

by /s/ Lucine Kirchhoff

Name: Lucine Kirchhoff
Title: Managing Director

FLEET NATIONAL BANK, N.A.,

by /s/ Daniel Johnson

Name: Daniel Johnson
Title: Vice President

GE CAPITAL,

by /s/ Eileen Mccolgan

Name: Eileen McColgan
Title: Duly Authorized Signatory

IBJ WHITEHALL BANK & TRUST

by /s/ David Thauman

Name: David Thaumann
Title: Director

ING (U.S.) CAPITAL LLC

by /s/ William C. Pover

Name: William C. Pover
Title: Director

MERRILL LYNCH CAPITAL CORPORATION,

by /s/ Carol J.e. Feeley

Name: Carol J.E. Feeley
Title: Vice President

PROVIDENT BANK OF MARYLAND,

by /s/ Jennifer L. Kissner

Name: Jennifer L. Kissner
Title: Assistant Vice President

SOVEREIGN BANK,

by /s/ Christopher A. Childs

Name: Christopher A. Childs
Title: Senior Vice President

SUNTRUST BANK, N.A.,

by /s/ Daniel S. Komitor

Name: Daniel S. Komitor
Title: Director

WACHOVIA BANK, N.A.,
individually and as Documentation Agent,

by

Name:
Title:

ANNEX 1

COMMITMENTS

Lender	Revolving	Tranche A-1	Tranche A-2	Total
Citicorp USA	$ 5,000,000	$ 19,146,667	--	$ 24,146,667
GE Capital	5,000,000	19,146,667	--	24,146,667
Wachovia Bank	5,000,000	19,146,667	--	24,146,667
Bankers Trust	3,000,000	11,488,000	--	14,488,000
Suntrust Bank	3,000,000	11,488,000	3,000,000	17,488,000
Fleet Bank	2,000,000	7,658,667	10,000,000	19,658,667
IBJ Whitehall	2,000,000	7,658,667	--	9,658,667
ING US Capital	2,000,000	7,658,667	--	9,658,667
Sovereign Bank	2,000,000	7,658,667	--	9,658,667
Provident Bank of Maryland	1,000,000	3,829,333	--	4,829,333
Merrill Lynch	--	--	8,500,000	8,500,000
Bank of America	--	--	8,500,000	8,500,000
TOTAL	$ 30,000,000	$114,880,002	$ 30,000,000	$174,880,002

Exhibit 10.10

CONFORMED COPY

WAIVER AND AMENDMENT No. 1 (this "WAIVER AND AMENDMENT) dated as of May 3, 2001, to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001, by and among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), the LENDERS listed in Article I thereto (the "LENDERS"), SALOMON SMITH BARNEY INC., as sole advisor, arranger and book manager, CITICORP USA, INC., as issuing bank (in such capacity the "ISSUING BANK"), swingline lender (in such capacity the "SWINGLINE LENDER"), administrative agent for the Lenders and as collateral agent for the Lenders, BANKERS TRUST COMPANY, as syndication agent, and WACHOVIA BANK, N.A., as documentation agent.

A. Pursuant to the Credit Agreement, each of the Lenders, the Swingline Lender and the Issuing Bank have extended credit to the Borrower and have agreed to extend credit to the Borrower, in each case pursuant to the terms and subject to the conditions set forth therein.

B. The Borrower has informed the Administrative Agent that it intends to acquire the assets and business of Gill/Balsano Consulting L.L.C. ("GBC"), as described in the memorandum from the Borrower to the Lenders dated April 6, 2001 which is attached hereto as Schedule I (such acquisition, the "GBC ACQUISITION"). In connection therewith, the Borrower has requested that the Required Lenders consent to the GBC Acquisition and waive compliance with Section 6.05(b) of the Credit Agreement with respect to the Borrower's requirement to provide the Administrative Agent with 30 days' written notice prior to the GBC Acquisition.

C. The Borrower has also requested that certain provisions of the Security Agreement be amended pursuant to the terms and subject to the conditions set forth herein.

D. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement or other Credit Document.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. CONSENT AND WAIVER. The Required Lenders (a) hereby consent to the GBC Acquisition in accordance with the terms and conditions of Schedule I and (b) waive compliance with Section 6.05(b) of the Credit Agreement with respect to the Borrower's requirement to provide the Administrative Agent with 30 days' written notice prior to the GBC Acquisition; PROVIDED, HOWEVER, that the consent and waiver contained in this Section shall cease to be effective on June 30, 2001, if the GBC Acquisition shall not have occurred on or prior to such date.

SECTION 2. AMENDMENTS.

(a) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definition in the appropriate alphabetical order therein:

"GBC ACQUISITION" means the acquisition of assets and business of Gill/Balsano Consulting L.L.C. ("GBC"), as described in the memorandum from the Borrower to the Lenders dated April 6, 2001.

(b) The following is hereby inserted as a new section following Section 5.01(d) of the Security Agreement:

(e) Notwithstanding anything to the contrary contained in the Credit Agreement or any other Credit Documents, so long as the aggregate cash Proceeds of the Account Rights and Inventory received by the Borrower which result from its business activities in Canada during any calendar year after the date hereof shall not have exceeded $1,000,000 in the lawful currency of the United States ("U.S. DOLLARS")(or the equivalent amount in the lawful currency of Canada ("CANADIAN DOLLARS")), the Borrower shall not be required to establish a Lockbox and Depository Agreement in Canada or deposit and forward the Proceeds of its Account Rights and Inventory derived from its Canadian business activities to the Concentration Account; PROVIDED that the Borrower shall be required to promptly provide notice to the Collateral Agent and the Lenders if such cash Proceeds of the Account Rights and Inventory exceed $1,000,000 U.S. Dollars or the equivalent amount in Canadian Dollars. Upon receipt of such notice, the Collateral Agent or the Required Lenders may require the Borrower to promptly forward or have forwarded all such Proceeds of its Account Rights and Inventory being held by it or for its account to the Concentration Account and establish a Lockbox and Depository Agreement within Canada suitable to the Collateral Agent within 90 days after notice from the Collateral Agent or the Required Lenders.

SECTION 3. REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants to each of the Lenders and the Administrative Agent that, after giving effect to this Waiver and Amendment:

(a) the representations and warranties set forth in Article III of the Credit Agreement are true and correct in all material respects with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date.

(b) the Borrower is in full compliance with the covenants set forth in Article IV and Article V of the Credit Agreement as of the date hereof, except to the extent such covenants expressly relate to an earlier date.

(c) no Event of Default or Default has occurred and is continuing.

SECTION 4. CONDITIONS TO EFFECTIVENESS. This Waiver and Amendment shall become effective as of the date when the Administrative Agent shall have received counterparts of this Waiver and Amendment that, when taken together, bear the

signatures of the Borrower and the Required Lenders.

SECTION 5. EFFECTIVENESS. Except as expressly set forth herein, this Waiver and Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders, the Issuing Bank, the Swingline Lender, the Collateral Agent, the Administrative Agent, the Arranger, the Syndication Agent or the Documentation Agent, under the Credit Agreement or any other Credit Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Credit Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle the Borrower to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Credit Document in similar or different circumstances. This Waiver and Amendment shall apply and be effective only with respect to the provisions of the Credit Agreement specifically referred to herein. This Waiver and Amendment shall constitute a "Credit Document" for all purposes of the Credit Agreement and the other Credit Documents. As used therein, the terms "Agreement", "herein", "hereunder", "hereto", "hereof" and words of similar import shall, unless the context otherwise requires, refer to the Credit Agreement as modified hereby.

SECTION 6. APPLICABLE LAW. THIS WAIVER AND AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. COUNTERPARTS. This Waiver and Amendment may be executed in any number of counterparts, each of which shall be an original but all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Waiver and Amendment by telecopy shall be effective as delivery of a manually executed counterpart of this Waiver and Amendment.

SECTION 8. EXPENSES. The Borrower agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Waiver and Amendment, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent.

SECTION 9. HEADINGS. The headings of this Waiver and Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Waiver and Amendment to be duly executed by their respective authorized officers as of the date first above written.

CROSS COUNTRY TRAVCORPS, INC.,

by /s/ EMIL HENSEL

Name: Emil Hensel
Title: CFO

CITICORP USA, INC., individually and as Administrative Agent, Collateral Agent, Issuing Bank and Swingline Lender,

by /s/ ALLEN FISHER

Name: Allen Fisher
Title: Vice President

SALOMON SMITH BARNEY INC., as Arranger,

by /s/ ALLEN FISHER

Name: Allen Fisher
Title: Director

BANKERS TRUST COMPANY, individually and as Syndication Agent,

by

Name:
Title:

BANK OF AMERICA, N.A.,

by /s/ S. PAUL TRAPANI, III

Name: S. Paul Trapani, III
Title: Senior Vice President

FLEET NATIONAL BANK, N.A.,

by /s/ DANIEL JOHNSON

Name: Daniel Johnson
Title: Vice President

GENERAL ELECTRIC
CAPITAL CORPORATION,

by /s/ THOMAS E. JOHNSTONE

Name: Thomas E. Johnstone
Title: Duly Authorized Signatory

IBJ WHITEHALL BANK & TRUST

by /s/ IBJ WHITEHALL BANK & TRUST

Name: IBJ Whitehall Bank & Trust
Title: Director

ING (U.S.) CAPITAL LLC

by /s/ BARRY A. ISELEY

Name: Barry A. Iseley
Title: Managing Director

MERRILL LYNCH CAPITAL CORPORATION,

by /s/ CAROL J. E. FEELEY

Name: Carol J. E. Feeley
Title: Vice President

PROVIDENT BANK OF MARYLAND,

by /s/ JENNIFER L. KISSNER

Name: Jennifer L. Kissner
Title: Assistant Vice President

SOVEREIGN BANK,

by

Name:
Title:

SUNTRUST BANK, N.A.,

by /s/ DANIEL S. KOMITOR

Name: Daniel S. Komitor
Title: Director

WACHOVIA BANK, N.A.,
individually and as Documentation Agent,

by

Name:
Title:

Exhibit 10.11

[FORM OF]

SUBSIDIARY GUARANTEE AGREEMENT (together with instruments executed and delivered pursuant to Section 20, the "AGREEMENT") dated as of July 29, 1999, among the subsidiaries listed on Schedule I hereto or becoming a party hereto as provided in Section 20 (each such subsidiary individually, a "GUARANTOR" and collectively, the "GUARANTORS") of CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITICORP"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (as defined in the Credit Agreement referred to below).

Reference is made to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT"). Capitalized terms used and not defined herein (including, without limitation, the term "OBLIGATIONS", as used in Section 1 and elsewhere herein) are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors is a Subsidiary of the Borrower and acknowledges that it will derive substantial benefit from the making of the Loans by the Lenders to the Borrower, and the issuance of the Letters of Credit by the Issuing Bank for the account of the Borrower. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned on, among other things, the execution and delivery by the Guarantors of a Subsidiary Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit, the Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. GUARANTEE. Each Guarantor unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment of the Obligations. Each Guarantor waives notice of and hereby consents to any agreements or arrangements whatsoever by the Obligees with any other person pertaining to the Obligations, including agreements and arrangements for payment, extension, renewal, subordination, composition, arrangement, discharge or release of the whole or any part of the Obligations, or for the discharge or surrender of any or all security, or for the compromise, whether by way of acceptance of part payment or otherwise, and the same shall in no way impair such Guarantor's liability hereunder.

SECTION 2. OBLIGATIONS NOT WAIVED. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to the Borrower or any other person of any of the Obligations, and also waives notice of acceptance of its guarantee, notice of protest for nonpayment, and all other formalities. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by (a) the failure of any Obligor to assert any claim or demand or to enforce or exercise any right or remedy against the Borrower or any other Guarantor under the provisions of the Credit Agreement, any other Credit Document or otherwise, (b) any extension, renewal or increase of or in any of the Obligations, (c) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Agreement, any other Credit Document, any guarantee or any other agreement or instrument, including with respect to any other Guarantor under this Agreement, (d) the release of (or the failure to perfect a security interest in) any of the security held by or on behalf of the Collateral Agent or any other Obligee or (e) the failure or delay of any Obligee to exercise any right or remedy against any other guarantor of the Obligations.

SECTION 3. SECURITY. Each of the Guarantors authorizes the Collateral Agent and each of the other Obligees, to (a) take and hold security for the payment of this Guarantee and the Obligations and exchange, enforce, waive and release any such security, (b) apply such security and direct the order or manner of sale thereof as they in their sole discretion may determine and (c) release or substitute any one or more endorsees, other guarantors or other obligors.

SECTION 4. GUARANTEE OF PAYMENT. Each Guarantor further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Collateral Agent or any other Obligee to any of the security held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Collateral Agent or any other Obligee in favor of the Borrower or any other person.

SECTION 5. NO DISCHARGE OR DIMINISHMENT OF GUARANTEE. The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Collateral Agent or any other Obligee to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Credit Document, any guarantee or any other agreement or instrument, by any waiver or modification of any provision of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Obligations, or by any other act, omission or delay to do any other act that may or might in any manner or to any extent vary the risk of such Guarantor or that would otherwise operate as a discharge of such Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations) or which would impair or eliminate any right of such Guarantor to subrogation.

SECTION 6. DEFENSES OF COMPANY WAIVED. To the fullest extent permitted by applicable law, each of the Guarantors waives any defense based on or arising out of the unenforceability of the Obligations or any part thereof from any cause or the cessation from any cause of the liability (other than the final and indefeasible payment in full in cash of the Obligations) of the Borrower. The Collateral Agent and the other Obligees may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Borrower or any other guarantor or exercise any other right or remedy available to them against the Borrower or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other guarantor or any security.

SECTION 7. AGREEMENT TO PAY; SUBORDINATION. In furtherance of the foregoing and not in limitation of any other right that the Collateral Agent or any other Obligee has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or any other Obligor to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Collateral Agent or such other Obligee as designated thereby in cash an amount equal to the unpaid principal amount of such Obligations then due, together with accrued and unpaid interest and fees on such Obligations. Upon payment by any Guarantor of any sums to the Collateral Agent or any Obligee as provided above, all rights of such Guarantor against the Borrower arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. In addition, any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full of the Obligations. If any amount shall be paid to any Guarantor on account of (i) such subrogation, contribution, reimbursement, indemnity or similar right or (ii) any such indebtedness of the Borrower, such amount shall be held in trust for the benefit of the Obligees and shall forthwith be paid to the Collateral Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Credit Documents.

SECTION 8. INFORMATION. Each of the Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder and agrees that none of the Collateral Agent or the other Obligees will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 9. REPRESENTATIONS AND WARRANTIES. Each of the Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 10. TERMINATION. The Guarantees made hereunder (a) shall terminate when all the Obligations (other than wholly contingent indemnification obligations) then due and owing have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the L/C Exposure has been reduced to zero and the Issuing Bank has no further obligation to issue Letters of Credit under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, on any Obligation is rescinded or must otherwise be restored by any Obligee or any Guarantor upon the bankruptcy or reorganization of the Borrower, or any Guarantor or otherwise.

SECTION 11. BINDING EFFECT; SEVERAL AGREEMENT; ASSIGNMENTS. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Guarantors that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Guarantor when a counterpart hereof (or a Supplement referred to in Section 20) executed on behalf of such Guarantor shall have been delivered to the Collateral Agent and a counterpart hereof (or a Supplement referred to in Section 20) shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Guarantor and the Collateral Agent and their respective successors and assigns, and shall inure to the benefit of such Guarantor, the Collateral Agent and the other Obligees, and their respective successors and assigns, except that no Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void). This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor.

SECTION 12. WAIVERS; AMENDMENT. (a) No failure or delay of the Collateral Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent hereunder and of the other Obligees under the other Credit Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Guarantor in any case shall entitle such Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Guarantors to which such waiver, amendment or modification relates and the Collateral Agent, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.

SECTION 13. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 14. NOTICES. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it in care of the Borrower.

SECTION 15. SURVIVAL OF AGREEMENT; SEVERABILITY. (a) All covenants, agreements, representations and warranties made by the Guarantors herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Credit Document shall be considered to have been relied upon by the Collateral Agent and the other Obligees and shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit by the Issuing Bank regardless of any investigation made by the Obligees or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other fee or amount payable under this Agreement or any other Credit Document is outstanding and unpaid, the L/C Exposure does not equal zero or the Commitments and the L/C Commitment have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Credit Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 16. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 11. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 17. RULES OF INTERPRETATION. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

SECTION 18. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Credit Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by

suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Collateral Agent or any other Obligees may otherwise have to bring any action or proceeding relating to this Agreement or the other Credit Documents against any Guarantor or its properties in the courts of any jurisdiction.

(b) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Credit Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 14. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 19. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE OTHER CREDIT DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 19.

SECTION 20. ADDITIONAL SUBSIDIARY GUARANTORS. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary (other than any Foreign Subsidiary) that was not in existence on the Second Restatement Closing Date is required to enter into this Agreement as a Subsidiary Guarantor upon becoming a Subsidiary. Upon execution and delivery after the date hereof by the Collateral Agent and such a Subsidiary of a Supplement in the form of Annex 1, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor herein. The execution and delivery of any Supplement adding an additional Subsidiary Guarantor as a party to this Agreement shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

SECTION 21. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Obligee is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time

owing by such Obligee to or for the credit or the account of any Guarantor against any or all the obligations of such Guarantor now or hereafter existing under this Agreement and the other Credit Documents held by such Obligee, irrespective of whether or not such Obligee shall have made any demand under this Agreement or any other Credit Document and although such obligations may be unmatured. The rights of each Obligee under this Section 21 are in addition to other rights and remedies (including other rights of setoff) which such Obligee may have.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

EACH SUBSIDIARY LISTED ON SCHEDULE I HERETO,

by

Name:
Title:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

Schedule I to the
Subsidiary Guarantee Agreement

SUBSIDIARY GUARANTORS

Annex 1 to the
Subsidiary Guarantee Agreement

SUPPLEMENT NO. dated as of , to the SUBSIDIARY GUARANTEE AGREEMENT dated as of July 29, 1999, among each of the subsidiaries listed on Schedule I thereto (each such subsidiary individually, a "SUBSIDIARY GUARANTOR" and collectively, the "SUBSIDIARY GUARANTORS") of CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITICORP"), as collateral agent (the "COLLATERAL AGENT") for the Obligees (as defined in the Credit Agreement referred to below).

A. Reference is made to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT").

B. Capitalized terms used and not otherwise defined herein are used with the meanings assigned to such terms in the Subsidiary Guarantee Agreement and the Credit Agreement.

C. The Guarantors have entered into the Subsidiary Guarantee Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary (other than any Foreign Subsidiary) that was not in existence or not a Subsidiary on the Original Closing Date is required to enter into the Subsidiary Guarantee Agreement as a Subsidiary Guarantor upon becoming a Subsidiary. Section 20 of the Subsidiary Guarantee Agreement provides that additional Subsidiaries may become Subsidiary Guarantors under the Subsidiary Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary of the Company (the "NEW SUBSIDIARY GUARANTOR") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Subsidiary Guarantee Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Subsidiary Guarantor agree as follows:

SECTION 1. In accordance with Section 20 of the Subsidiary Guarantee Agreement, the New Subsidiary Guarantor by its signature below becomes a Subsidiary Guarantor under the Subsidiary Guarantee Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor and the New Subsidiary Guarantor hereby (a) agrees to all the terms and provisions of the Subsidiary Guarantee Agreement applicable to it as a Subsidiary Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Subsidiary Guarantor thereunder are true and correct on and as of

the date hereof. Each reference to a "SUBSIDIARY GUARANTOR" or "Guarantor" in the Subsidiary Guarantee Agreement shall be deemed to include the New Subsidiary Guarantor. The Subsidiary Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary Guarantor represents and warrants to the Collateral Agent and the other Obligees that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Subsidiary Guarantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Subsidiary Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Subsidiary Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 14 of the Subsidiary Guarantee Agreement. All communications and notices hereunder to the New Subsidiary Guarantor shall be given to it at the address set forth under its signature below, with a copy to the Company.

SECTION 8. The New Subsidiary Guarantor agrees to reimburse the Collateral Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Subsidiary Guarantor and the Collateral Agent have duly executed this Supplement to the Subsidiary Guarantee Agreement as of the day and year first above written.

[NAME OF NEW SUBSIDIARY GUARANTOR],

by

Name:
Title:
Address:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

ANNEX 1

COMMITMENTS

LENDER	REVOLVING	TRANCHE A-1	TRANCHE A-2	TOTAL
Citicorp USA	$5,000,000	$19,146,667	-	$24,146,667
GE Capital	5,000,000	19,146,667	-	24,146,667
Wachovia Bank	5,000,000	19,146,667	-	24,146,667
Bankers Trust	3,000,000	11,488,000	-	14,488,000
Suntrust Bank	3,000,000	11,488,000	3,000,000	17,488,000
Fleet Bank	2,000,000	7,658,667	10,000,000	19,658,667
IBJ Whitehall	2,000,000	7,658,667	-	9,658,667
ING US Capital	2,000,000	7,658,667	-	9,658,667
Sovereign Bank	2,000,000	7,658,667	-	9,658,667
Provident Bank of Maryland	1,000,000	3,829,333	-	4,829,333
Merrill Lynch	-	-	8,500,000	8,500,000
Bank of America	-	-	8,500,000	8,500,000
TOTAL	$30,000,000	$114,880,002	$30,000,000	$174,880,002

Exhibit 10.12

[FORM OF]

SECURITY AGREEMENT (together with any instruments executed and delivered pursuant to Section 7.15, the "AGREEMENT") dated as of July 29, 1999, among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITIBANK"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (as defined herein).

Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTAION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT").

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in the Credit Agreement. The Borrower has agreed to cause each of the Subsidiaries (the "Subsidiary GUARANTORS"; the Borrower and the Subsidiary Guarantors are referred to collectively as the "GRANTORS"), other than any Foreign Subsidiary, to guarantee pursuant to the Subsidiary Guarantee Agreement, among other things, all the obligations of the Borrower under the Credit Agreement and pursuant to Section 7.15 to become grantors under this Agreement. The obligations of the Lenders to make such Loans and of the Issuing Bank to issue such Letters of Credit are conditioned upon, among other things, the execution and delivery by the Grantors of an agreement in the form hereof to secure the Obligations.

Accordingly, the Grantors and the Collateral Agent, on behalf of itself and each Obligee (and each of their respective successors or assigns), hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. DEFINITION OF TERMS USED HEREIN. (a) Unless the context otherwise requires, all capitalized terms used herein but not defined herein shall have the meanings set forth in the Credit Agreement and all references to the Uniform Commercial Code shall mean the Uniform Commercial Code in effect in the State of New York as of the Original Closing Date.

(b) As used herein, the following terms shall have the following meanings:

"ACCOUNT DEBTOR" shall mean any person who is or who may become obligated to any Grantor under, with respect to or on account of an Account.

"ACCOUNT RIGHTS" shall mean all Accounts and all right, title and interest in any returned goods, together with all rights, titles, securities and guarantees with respect thereto, including any rights to stoppage in transit, replevin, reclamation and resales, and all related security interests, liens and pledges, whether voluntary or involuntary, in each case whether now existing or owned or hereafter arising or acquired.

"ACCOUNTS" shall mean any and all right, title and interest of any Grantor to payment for goods and services sold or leased, including any such right evidenced by chattel paper, whether due or to become due, whether or not it has been earned by performance, and whether now or hereafter acquired or arising in the future, including payments due from Affiliates of the Grantors.

"CHATTEL PAPER" shall mean (a) a writing or writings which evidence both a monetary obligation and a security interest in or a lease of specific Equipment and (b) all other property now or hereafter constituting "chattel paper" under the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions, in each case that are now or hereafter owned by Grantor.

"COLLATERAL" shall mean all (a) Account Rights, (b) Documents, (c) Inventory, (d) Chattel Paper, (e) Contract Rights, (f) Equipment, (g) General Intangibles, (h) cash and cash accounts (including the Concentration Account, the Collection Deposit Account and the General Fund Account), (i) Intellectual Property, (j) Investment Property and (k) Proceeds.

"COLLECTION DEPOSIT ACCOUNT" shall mean a lockbox account of a Grantor maintained for the benefit of the Obligees with the Collateral Agent or with a Sub-Agent pursuant to a Lockbox and Depository Agreement.

"COMMODITY ACCOUNT" shall mean an account maintained by a Commodity Intermediary in which a Commodity Contract is carried for a Commodity Customer.

"COMMODITY CONTRACT" shall mean a commodity futures contract, an option on a commodity futures contract, a commodity option or any other contract that, in each case, is (a) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to the federal commodities laws or (b) traded on a foreign commodity board of trade, exchange or market, and is carried on the books of a Commodity Intermediary for a Commodity Customer.

"COMMODITY CUSTOMER" shall mean a person for whom a Commodity Intermediary carries a Commodity Contract on its books.

"COMMODITY INTERMEDIARY" shall mean (a) a person who is registered as a futures commission merchant under the federal commodities laws or (b) a person who in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities laws.

"CONCENTRATION ACCOUNT" shall mean the cash collateral account established at the office of Citibank, N.A. located at 390 Greenwich Street, New York, NY 10013, in the name of the Collateral Agent, Account No. _____.

"CONTRACT RIGHTS" shall mean the rights of any Grantor to bill and receive payment for completed work under any and all contracts, agreements or purchase orders.

"COPYRIGHT LICENSE" shall mean any written agreement, now or hereafter in effect, granting any right to any Grantor under any Copyright now or hereafter owned by any third party, and all rights of such Grantor under any such agreement.

"COPYRIGHTS" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (b) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office or any similar offices in any other country.

"CREDIT AGREEMENT" shall have the meaning assigned to such term in the preliminary statement of this Agreement.

"DOCUMENTS" shall mean all instruments, certificates representing shares of capital securities, files, records, ledger sheets and documents covering or relating to any of the Collateral.

"ENTITLEMENT HOLDER" shall mean a person identified in the records of a Securities Intermediary as the person having a Security Entitlement against the Securities Intermediary. If a person acquires a Security Entitlement by virtue of Section 8-501(b)(2) or (3) of the Uniform Commercial Code, such person is the Entitlement Holder.

"EQUIPMENT" shall mean all equipment, furniture and furnishings and all tangible personal property similar to any of the foregoing, including tools, parts and supplies of every kind and description, and all improvements, accessions or appurtenances thereto, that are now or hereafter owned by any Grantor. The term Equipment shall include Fixtures.

"FINANCIAL ASSET" shall mean (a) a Security, (b) an obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt with in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment or (c) any property that is held by a Securities Intermediary for another person in a Securities Account if the Securities Intermediary has expressly agreed with the other person that the property is to be treated as a Financial Asset under Article 8 of the Uniform Commercial Code. As the context requires, the term Financial Asset shall mean either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated Security, a certificate representing a Security or a Security Entitlement.

"FIXTURES" shall mean all items of Equipment, whether now owned or hereafter acquired, of any Grantor that become so related to particular real estate that an interest in them arises under any real estate law applicable thereto.

"GENERAL FUND ACCOUNT" shall mean the general fund account established at the office of Citibank, N.A. located at 390 Greenwich Street, New York, NY 10013, in the name of the Borrower, Account No._____.

"GENERAL INTANGIBLES" shall mean all choses in action and causes of action and all other assignable intangible personal property of any Grantor of every kind and nature (other than Account Rights) now owned or hereafter acquired by any Grantor, including all rights and interests in partnerships, limited partnerships, limited liability companies and other unincorporated entities, corporate or other business records, indemnification claims and contract rights (including (a) rights under leases, whether entered into as lessor or lessee (but excluding real estate leases), (b) rights under the Acquisition Agreement, (c) rights under any Interest Rate Agreement, (d) any intercompany payment obligations not evidenced by any instrument, (e) any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by any Grantor or which such Grantor otherwise has the right to license, and all rights of such Grantor under any such agreement, (f) any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Grantor or which any Grantor otherwise has the right to license, is in existence, and all rights of any Grantor under any such agreement, (g) any written agreement, now or hereafter in effect, granting any right to any third party to use any Trademark now or hereafter owned by any Grantor or which such Grantor otherwise has the right to license, and all rights of such Grantor under any such agreement, and (h) other agreements, goodwill, registrations, franchises, tax refund claims and any letter of credit, guarantee, claim, security interest or other security held by or granted to any Grantor to secure payment by an Account Debtor of any of the Account Rights).

"INTELLECTUAL PROPERTY" shall mean all intangible, intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"INVENTORY" shall mean all goods of any Grantor, whether now owned or hereafter acquired, held for sale or lease, or furnished or to be furnished by any Grantor under contracts of service or consumed in any Grantor's business, including raw materials, intermediates, work in process, packaging materials, finished goods, semi-finished inventory, scrap inventory, manufacturing supplies and spare parts, and all such goods that have been returned to or repossessed by or on behalf of any Grantor.

"INVESTMENT PROPERTY" shall mean all Securities (whether certificated or uncertificated), Security Entitlements, Securities Accounts, Commodity Contracts and Commodity Accounts of any Grantor, whether now owned or hereafter acquired by any Grantor.

"LICENSE" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense to which any Grantor is a party, other than those licenses or license agreements which by their terms prohibit (or as to which applicable law prohibits) assignment or a grant of a security interest by such Grantor.

"LOCKBOX AND DEPOSITORY AGREEMENT" shall mean a Lockbox and Depository Agreement substantially in the form of Annex 3 hereto among the Borrower, the Collateral Agent and a Sub-Agent.

"LOCKBOX SYSTEM" shall have the meaning assigned to such term in Section 5.01.

"OBLIGATIONS" shall have the meaning assigned to such term in the Credit Agreement.

"PATENT LICENSE" shall mean any written agreement, now or hereafter in effect, granting to any Grantor any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Grantor under any such agreement.

"PATENTS" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar offices in any other country and (b) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof and the inventions disclosed or claimed therein, including the right to make, use and/or sell the inventions disclosed or claimed therein.

"PERFECTION CERTIFICATE" shall mean a certificate substantially in the form of Annex 1 hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Financial Officer and the chief legal officer of the Borrower.

"PROCEEDS" shall mean any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property which constitutes Collat eral and shall include (a) all cash and negotiable instruments received by or held on behalf of the Collateral Agent pursuant to the Lockbox System, (b) any claim of any Grantor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (i) past, present or future infringement of any Patent now or hereafter owned by any Grantor or licensed to any Grantor under a Patent License, (ii) past, present or future infringement or dilution of any Trademark now or hereafter owned by any Grantor or licensed to a Grantor under a Trademark License or injury to the goodwill associated with or symbolized by any Trademark now or hereafter owned by any Grantor, (iii) past, present or future breach of any License and (iv) past, present or future infringement of any Copyright now or hereafter owned by any Grantor or licensed to a Grantor under a Copyright License and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"OBLIGEES" shall mean (a) the Lenders, (b) the Administrative Agent, (c) the Collateral Agent, (d) the Swingline Lender, (e) the Issuing Bank, (f) each counterparty to any hedging agreement entered into with the Borrower or any Subsidiary if such counterparty was a Lender (or an Affiliate of a Lender) at the time such hedging agreement was entered into, (g) the beneficiaries of each indemnification obligation undertaken by any Grantor under any Loan Document and (h) the successors and assigns of each of the foregoing.

"SECURITIES" shall mean any obligations of an issuer or any shares, participations or other interests in an issuer or in property or an enterprise of an issuer which (a) are represented by a certificate representing a security in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the

issuer, (b) are one of a class or series or by its terms is divisible into a class or series of shares, participations, interests or obligations and (c)(i) are, or are of a type, dealt with or traded on securities exchanges or securities markets or (ii) are a medium for investment and by their terms expressly provide that they are a security governed by Article 8 of the Uniform Commercial Code (other than as expressly excluded by Section 8-103(c), (e), and (f) of such Article); PROVIDED, HOWEVER, that "SECURITIES" shall not mean any obligations of the Excluded Subsidiary or any shares, participations or other interests in the Excluded Subsidiary or in property or an enterprise of the Excluded Subsidiary.

"SECURITIES ACCOUNT" shall mean an account to which a Financial Asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise rights that comprise the Financial Asset.

"SECURITY ENTITLEMENTS" shall mean the rights and property interests of an Entitlement Holder with respect to a Financial Asset.

"SECURITY INTEREST" shall have the meaning assigned to such term in Section 2.01.

"SECURITIES INTERMEDIARY" shall mean (a) a clearing corporation or (b) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

"SUB-AGENT" shall mean a financial institution which shall have delivered to the Collateral Agent an executed Lockbox and Depository Agreement.

"TRADEMARK LICENSE" shall mean any written agreement, now or hereafter in effect, granting to any Grantor any right to use any Trademark now or hereafter owned by any third party, and all rights of any Grantor under any such agreement.

"TRADEMARKS" shall mean all of the following now owned or hereafter acquired by any Grantor: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

SECTION 1.02. RULES OF INTERPRETATION. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

ARTICLE II

SECURITY INTEREST

SECTION 2.01. SECURITY INTEREST. As security for the payment or performance, as the case may be, in full of the Obligations and any extensions, renewals, modifications or refinancings of the Obligations, each Grantor hereby mortgages and pledges to the Collateral Agent, its successors and assigns, for the ratable benefit of the Obligees, and hereby grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Obligees, a security interest in, all such Grantor's right, title and interest in, to and under the Collateral (the "SECURITY INTEREST"). Without limiting the foregoing, the Collateral Agent is hereby authorized to file one or more financing statements (including fixture filings), continuation statements, filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country) or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Agent as Obligee.

SECTION 2.02. NO ASSUMPTION OF LIABILITY. The Security Interest is granted as security only and shall not subject the Collateral Agent or any other Obligee to, or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Grantors jointly and severally represent and warrant to the Collateral Agent and the Obligees that:

SECTION 3.01. TITLE AND AUTHORITY. Each Grantor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Collateral Agent the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other person other than any consent or approval which has been obtained.

SECTION 3.02. FILINGS. The Perfection Certificate has been duly prepared, completed and executed and the information set forth therein is correct and complete. Fully executed Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral have been delivered to the Collateral Agent for filing in each governmental, municipal or other office specified in Schedule 6 to the Perfection Certificate, which are all the filings, recordings and registrations that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Collateral Agent (for the ratable benefit of the Obligees) in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, refiling, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing

of continuation statements or, the change of any Grantor's name, location, identity or corporate structure, with respect to the filing of financing statements or amendments to filed financing statements.

SECTION 3.03. VALIDITY OF SECURITY INTEREST. The Security Interest constitutes (a) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations and (b) a perfected security interest in all Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions. The Security Interest is and shall be prior to any other Lien on any of the Collateral, other than Liens expressly permitted to be prior to the Security Interest pursuant to Section 6.02 of the Credit Agreement.

SECTION 3.04. ABSENCE OF OTHER LIENS. The Collateral is owned by the Grantors free and clear of any Lien, except for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement. No Grantor has filed or consented to the filing of (a) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Collateral, (b) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (c) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Liens expressly permitted pursuant to Section 6.02 of the Credit Agreement.

ARTICLE IV

COVENANTS

SECTION 4.01. CHANGE OF NAME; LOCATION OF COLLATERAL; RECORDS; PLACE OF BUSINESS. (a) Each Grantor agrees promptly to notify the Collateral Agent in writing of any change (i) in its corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in its identity or corporate structure or (iv) in its Federal Taxpayer Identification Number. Each Grantor agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral. Each Grantor agrees promptly to notify the Collateral Agent if any material portion of the Collateral owned or held by such Grantor is damaged or destroyed.

(b) Each Grantor agrees to maintain, at its own cost and expense, such complete and accurate records with respect to the Collateral owned by it as is consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged, but in any event to

include complete accounting records indicating all payments and proceeds received with respect to any part of the Collateral, and, at such time or times as the Collateral Agent may reasonably request, promptly to prepare and deliver to the Collateral Agent a duly certified schedule or schedules in form and detail satisfactory to the Collateral Agent showing the identity, amount and location of any and all Collateral.

SECTION 4.02. PERIODIC CERTIFICATION. Each year, at the time of delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.04 of the Credit Agreement, the Borrower shall deliver to the Collateral Agent a certificate executed by the president and the chief financial officer of the Borrower (a) setting forth the informa tion required pursuant to Section 2 of the Perfection Certificate or confirming that there has been no change in such information since the date of such certificate or the date of the most recent certificate delivered pursuant to this Section 4.02 and (b) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (a) above to the extent necessary to protect and perfect the Security Interest for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 4.03. PROTECTION OF SECURITY. Each Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral against all persons and to defend the Security Interest of the Collateral Agent in the Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Credit Agreement.

SECTION 4.04. FURTHER ASSURANCES. Each Grantor agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as the Collateral Agent may from time to time reasonably request to better assure, preserve, protect and perfect the Security Interest and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interest and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith. If any amount payable to any Grantor under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged and delivered to the Collateral Agent, duly endorsed in a manner satisfactory to the Collateral Agent.

Without limiting the generality of the foregoing, each Grantor hereby authorizes the Collateral Agent, with prompt notice thereof to the Grantors, to supplement this Agreement by adding additional schedules hereto to specifically identify any asset or item that may constitute Collateral; PROVIDED, HOWEVER, that any Grantor shall have the right, exercisable within 10 days after it has been notified by the Collateral Agent of the specific identification of such Collateral, to advise the Collateral Agent in writing of any inaccuracy of the repre sentations and warranties made by such Grantor hereunder with respect to such Collateral. Each Grantor agrees that it will use its best efforts to take such action as shall be necessary in order that all representations and warranties hereunder shall be true and correct with respect to such Collateral within 30 days after the date it has been notified by the Collateral Agent of the specific identification of such Collateral.

SECTION 4.05. INSPECTION AND VERIFICATION. The Collateral Agent and such persons as the Collateral Agent may reasonably designate shall have the right, at the Grantors' own cost and expense, to inspect the Collateral, all records related thereto (and to make extracts and copies from such records) and the premises upon which any of the Collateral is located, to discuss the Grantors' affairs with the officers of the Grantors and their independent accountants and to verify under reasonable procedures, in accordance with Section 5.07 of the Credit Agreement, the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral, including, in the case of Accounts or Collateral in the possession of any third person, by contacting Account Debtors or the third person possessing such Collateral for the purpose of making such a verification. The Collateral Agent shall have the absolute right to share any information it gains from such inspection or verification with any Obligee.

SECTION 4.06. TAXES; ENCUMBRANCES. At its option, the Collateral Agent may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral and not permitted pursuant to Section 6.02 of the Credit Agreement, and may pay for the maintenance and preservation of the Collateral to the extent any Grantor fails to do so as required by the Credit Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Collateral Agent on demand for any payment made or any expense incurred by the Collateral Agent pursuant to the foregoing authorization; PROVIDED, HOWEVER, that nothing in this Section 4.06 shall be interpreted as excusing any Grantor from the performance of, or imposing any obligation on the Collateral Agent or any Obligee to cure or perform, any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

SECTION 4.07. ASSIGNMENT OF SECURITY INTEREST. If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other person to secure payment and performance of an Account, such Grantor shall promptly assign such security interest to the Collateral Agent. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of and transferees from the Account Debtor or other person granting the security interest.

SECTION 4.08. CONTINUING OBLIGATIONS OF THE GRANTORS. Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Collateral Agent and the Obligees from and against any and all liability for such performance.

SECTION 4.09. USE AND DISPOSITION OF COLLATERAL. None of the Grantors shall make or permit to be made an assignment, pledge or hypothecation of the Collateral or shall grant any other Lien in respect of the Collateral, except as expressly permitted by Section 6.02 of the Credit Agreement. None of the Grantors shall make or permit to be made any transfer of the Collateral and each Grantor shall remain at all times in possession of the Collateral owned by it, except that (a) Inventory may be sold in the ordinary course of business and (b) unless and until the Collateral Agent shall notify the Grantors that an Event of Default shall have occurred and be continuing and that during the continuance thereof the Grantors shall not sell, convey, lease, assign, transfer or otherwise dispose of any Collateral (which notice may be given by telephone if promptly confirmed in writing), the Grantors may use

and dispose of the Collateral in any lawful manner not inconsistent with the provisions of this Agreement, the Credit Agreement or any other Loan Document. Without limiting the generality of the foregoing, each Grantor agrees that it shall not permit any Inventory to be in the possession or control of any warehouseman, bailee, agent or processor at any time unless such warehouseman, bailee, agent or processor shall have been notified of the Security Interest and shall have agreed in writing to hold the Inventory subject to the Security Interest and the instructions of the Collateral Agent and to waive and release any Lien held by it with respect to such Inventory, whether arising by operation of law or otherwise.

SECTION 4.10. LIMITATION ON MODIFICATION OF ACCOUNTS. None of the Grantors will, without the Collateral Agent's prior written consent, grant any extension of the time of payment of any of the Account Rights, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partly, any person liable for the payment thereof or allow any credit or discount whatsoever thereon, other than extensions, credits, discounts, compromises or settlements granted or made in the ordinary course of business and consistent with its current practices and in accordance with such prudent and standard practices used in industries that are the same as or similar to those in which such Grantor is engaged.

SECTION 4.11. INSURANCE. (a) The Grantors, at their own expense, shall maintain or cause to be maintained insurance covering physical loss or damage to the Inventory and Equipment in accordance with Section 5.02 of the Credit Agreement.

(b) Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose, during the continuance of an Event of Default, of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or part relating thereto, the Collateral Agent may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Collateral Agent deems advisable. All sums disbursed by the Collateral Agent in connection with this Section 4.11, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Collateral Agent and shall be additional Obligations secured hereby.

SECTION 4.12. LEGEND. Each Grantor shall legend, in form and manner satisfactory to the Collateral Agent, its books, records and documents evidencing or pertaining to Account Rights with an appropriate reference to the fact that such Account Rights have been assigned to the Collateral Agent for the benefit of the Obligees and that the Collateral Agent has a security interest therein.

ARTICLE V

COLLECTIONS

SECTION 5.01. LOCKBOX SYSTEM. (a) Within 30 days after the Second Restatement Closing Date, the Grantors shall establish in the name of the Collateral Agent, and subject to the control of the Collateral Agent pursuant to the Lockbox and Depository Agreements, for the ratable benefit of the Collateral Agent and the other Obligees, a system of lockboxes and related deposit accounts (the "LOCKBOX SYSTEM") with one or more financial institutions that are reasonably satisfactory to the Collateral Agent into which the Proceeds of all Account Rights and Inventory shall be deposited and forwarded to the Collateral Agent in accordance with the Lockbox and Depository Agreements.

(b) All Proceeds of Inventory and Account Rights that have been received on any Business Day through the Lockbox System will be transferred into the Concentration Account on such Business Day to the extent required by the applicable Lockbox and Depository Agreement. All Proceeds stemming from the sale of a substantial portion of the Collateral (other than Proceeds of Accounts) that have been received by a Grantor on any Business Day will be transferred into the Concentration Account on such Business Day. All Proceeds received on any Business Day by the Collateral Agent pursuant to Section 5.02 will be transferred into the Concentration Account on such Business Day.

(c) The Concentration Account is, and shall remain, under the sole dominion and control of the Collateral Agent. Each Grantor acknowledges and agrees that (i) such Grantor has no right of withdrawal from the Concentration Account, (ii) the funds on deposit in the Concentration Account shall continue to be collateral security for all of the Obligations and (iii) upon the occurrence and during the continuance of an Event of Default, at the Collateral Agent's election, the funds on deposit in the Concentration Account shall be applied as provided in Section 6.02. So long as no Event of Default has occurred and is continuing, the Collateral Agent shall promptly remit any funds on deposit in the Concentration Account to the General Fund Account and the Borrower shall have the right, at any time and from time to time, to withdraw such amounts from the General Fund Account as it shall deem to be necessary or desirable.

(d) Effective upon notice to the Grantors from the Collateral Agent after the occurrence and during the continuance of an Event of Default (which notice may be given by telephone if promptly confirmed in writing), the Concentration Account will, without any further action on the part of any Grantor, the Collateral Agent or any Sub-Agent, convert into a closed lockbox account under the exclusive dominion and control of the Collateral Agent in which funds are held subject to the rights of the Collateral Agent hereunder. Each Grantor irrevocably authorizes the Collateral Agent to notify each Sub-Agent (i) of the occurrence of an Event of Default and (ii) of the matters referred to in this paragraph (d). Following the occurrence of an Event of Default, the Collateral Agent may instruct each Sub-Agent to transfer immediately all funds held in each deposit account to the Concentration Account.

SECTION 5.02. COLLECTIONS. (a) Each Grantor agrees (i) to notify and direct promptly each Account Debtor and every other person obligated to make payments on Account Rights or in respect of any Inventory to make all such payments directly to the Lockbox System established in accordance with Section 5.01, (ii) to use all reasonable efforts to cause each Account Debtor and every other person identified in clause (i) above to make all payments with respect to Account Rights and Inventory directly to such Lockbox

System and (iii) promptly to deposit all payments received by it on account of Account Rights and Inventory, whether in the form of cash, checks, notes, drafts, bills of exchange, money orders or otherwise, in the Lockbox System in precisely the form in which received (but with any endorsements of such Grantor necessary for deposit or collection), and until they are so deposited such payments shall be held in trust by such Grantor for and as the property of the Collateral Agent.

(b) Without the prior written consent of the Collateral Agent, no Grantor shall, in a manner adverse to the Lenders, change the general instructions given to Account Debtors in respect of payment on Accounts to be deposited in the Lockbox System. Until the Collateral Agent shall have advised the Grantors to the contrary, each Grantor shall, and the Collateral Agent hereby authorizes each Grantor to, enforce and collect all amounts owing on the Inventory and Account Rights, for the benefit and on behalf of the Collateral Agent and the other Obligees; PROVIDED, HOWEVER, that such privilege may at the option of the Collateral Agent be terminated upon the occurrence and during the continuance of any Event of Default.

SECTION 5.03. POWER OF ATTORNEY. Each Grantor irrevocably makes, constitutes and appoints the Collateral Agent (and all officers, employees or agents designated by the Collateral Agent) as such Grantor's true and lawful agent and attorney-in-fact, and in such capacity the Collateral Agent shall have the right, with power of substitution for each Grantor and in each Grantor's name or otherwise, for the use and benefit of the Collateral Agent and the Obligees, upon the occurrence and during the continuance of an Event of Default (a) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (b) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (c) to sign the name of any Grantor on any invoice or bill of lading relating to any of the Collateral; (d) to send verifications of Account Rights to any Account Debtor; (e) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (f) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (g) to notify, or to require any Grantor to notify, Account Debtors to make payment directly to the Collateral Agent; and (h) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Agreement, as fully and completely as though the Collateral Agent were the absolute owner of the Collateral for all purposes; PROVIDED, HOWEVER, that nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any Obligee to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Obligee, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any Obligee with respect to the Collateral or any part thereof shall give rise to any defense, counterclaim or offset in favor of any Grantor or to any claim or action against the Collateral Agent or any Obligee. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Grantors for the purposes set forth above is coupled with an interest and is irrevocable. The provisions of this Section shall in no event relieve any Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Collateral Agent or any Obligee to proceed in any particular manner with respect to the

Collateral or any part thereof, or in any way limit the exercise by the Collateral Agent or any Obligee of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise.

ARTICLE VI

REMEDIES

SECTION 6.01. REMEDIES UPON DEFAULT. Upon the occurrence and during the continuance of an Event of Default, each Grantor agrees to deliver each item of Collateral to the Collateral Agent on demand, and it is agreed that the Collateral Agent shall have the right to take any of or all the following actions at the same or different times: (a) with respect to any Collateral consisting of Intellectual Property, on demand, to cause the Security Interest to become an assignment, transfer and conveyance of any of or all such Collateral by the applicable Grantors to the Collateral Agent or to license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any then-existing licensing arrangements to the extent that waivers cannot be obtained) and (b) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral, exercise any Grantor's right to bill and receive payment for completed work, and, generally, to exercise any and all rights afforded to a Obligee under the Uniform Commercial Code or other applicable law. Without limiting the generality of the foregoing, each Grantor agrees that the Collateral Agent shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing any Collateral which constitutes a "security" under applicable securities law for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give the Grantors 10 days' written notice (which each Grantor agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral,

or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by law, private) sale made pursuant to this Section, any Obligee may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to such Obligee from any Grantor as a credit against the purchase price, and such Obligee may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

SECTION 6.02. APPLICATION OF PROCEEDS. The Collateral Agent shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, as follows:

FIRST, to the payment of all costs and expenses incurred by the Administrative Agent or the Collateral Agent (in its capacity as such hereunder or under any other Loan Document) in connection with such collection or sale or otherwise in connection with this Agreement or any of the Obligations, including all court costs and the fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Loan Document on behalf of any Grantor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Loan Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Obligees pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the Grantors, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 6.03. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY. For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Article at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantors) to use, license or sub-license any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Agent may be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuation of an Event of Default; PROVIDED that any license, sub-license or other transaction entered into by the Collateral Agent in accordance herewith shall be binding upon the Grantors notwithstanding any subsequent cure of an Event of Default.

ARTICLE VII

MISCELLANEOUS

SECTION 7.01. NOTICES. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Grantor shall be given to the Borrower.

SECTION 7.02. SECURITY INTEREST ABSOLUTE. All rights of the Collateral Agent hereunder, the Security Interest and all obligations of the Grantors hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Obligations or this Agreement.

SECTION 7.03. SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made by any Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered

to have been relied upon by the Obligees and shall survive the making by the Lenders of the Loans, and the execution and delivery to the Lenders of any notes evidencing such Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect until this Agreement shall terminate.

SECTION 7.04. BINDING EFFECT; SEVERAL AGREEMENT. This Agreement shall become effective as to any Grantor when a counterpart hereof executed on behalf of such Grantor shall have been delivered to the Collateral Agent and a counterpart hereof shall have been executed on behalf of the Collateral Agent, and thereafter this Agreement shall be binding upon such Grantor and the Collateral Agent and their respective successors and assigns and shall inure to the benefit of such Grantor, the Collateral Agent and the other Obligees and their respective successors and assigns, except that no Grantor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Credit Agreement. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

SECTION 7.05. SUCCESSORS AND ASSIGNS. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

SECTION 7.06. COLLATERAL AGENT'S FEES AND EXPENSES; INDEMNIFICATION. (a) Each Grantor jointly and severally agrees to pay upon demand to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees, disbursements and other charges of its counsel and of any experts or agents, which the Collateral Agent may incur in connection with (i) the administration of this Agreement (including the customary fees and charges of the Collateral Agent for any audits conducted by it or on its behalf with respect to the Account Rights or Inventory), (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the rights of the Collateral Agent hereunder or (iv) the failure of any Grantor to perform or observe any of the provisions hereof.

(b) Without limitation of its indemnification obligations under the other Loan Documents, each Grantor jointly and severally agrees to indemnify the Collateral Agent and the other Indemnitees against, and hold each of them harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable fees, disbursements and other charges of counsel, incurred by or asserted against any of them arising out of, in any way connected with, or as a result of, the execution, delivery or performance of this Agreement or any claim, litigation, investigation or proceeding relating hereto or to the Collateral, whether or not any Indemnitee is a party thereto; PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) Any such amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 7.06

shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Collateral Agent or any other Obligee. All amounts due under this Section 7.06 shall be payable on written demand therefor and shall bear interest at the rate specified in Section 2.07 of the Credit Agreement.

SECTION 7.07. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 7.08. WAIVERS; AMENDMENT. (a) No failure or delay of the Collateral Agent in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent hereunder and of the Collateral Agent, the Issuing Bank, the Administrative Agent and the Lenders under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Grantor in any case shall entitle such Grantor or any other Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor or Grantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.

SECTION 7.09. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.09.

SECTION 7.10. SEVERABILITY. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a

particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7.11 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract (subject to Section 7.04), and shall become effective as provided in Section 7.04. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7.12. HEADINGS. Article and Section headings used herein are for the purpose of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 7.13. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Collateral Agent, the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Grantor or its properties in the courts of any jurisdiction.

(b) Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 7.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 7.14. TERMINATION. This Agreement and the Security Interest shall terminate when all the Obligations (other than wholly contingent indemnification obligations) have been indefeasibly paid in full, the Lenders have no further commitment to lend, the L/C Exposure has been reduced to zero and the Issuing Bank has no further commitment to issue Letters of Credit under the Credit Agreement, at which time the Collat eral Agent shall execute and deliver to the Grantors, at the Grantors' expense, all Uniform Commercial Code termination statements, terminations and reassignments for mortgages and

assignments of copyrights, patents and trademarks, and similar documents which the Grantors shall reasonably request to evidence such termination. Any execution and delivery of termination statements or documents pursuant to this Section 7.14 shall be without recourse to or warranty by the Collateral Agent.

SECTION 7.15. ADDITIONAL GRANTORS. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary (other than any Foreign Subsidiary) that was not in existence on the Second Restatement Closing Date is required to enter into this Agreement as a Grantor upon becoming such a Subsidiary. Upon execution and delivery by the Collateral Agent and such a Subsidiary of a Supplement in the form of Annex 2 hereto, such Subsidiary shall become a Grantor hereunder with the same force and effect as if originally named as a Grantor herein. The execution and delivery of any such instrument shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

CROSS COUNTRY TRAVCORPS, INC.
by

Name:
Title:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

Annex 1 to the
Security Agreement

[Form of]
PERFECTION CERTIFICATE

Reference is made to the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT") among Cross Country Travcorps, Inc., a Delaware corporation (the "BORROWER"), the lenders from time to time party thereto (the "LENDERS"), Salomon Smith Barney Inc., as arranger (the "ARRANGER"), Citicorp USA, Inc. ("CITICORP"), as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as collateral agent for the Lenders (in such capacity, the "COLLATERAL AGENT"), as swingline lender (in such capacity, the "SWINGLINE LENDER") and as issuing bank (in such capacity, the "ISSUING BANK"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT").

The undersigned, the chief financial officer and the chief legal officer, respectively, of the Borrower, hereby certify to the Collateral Agent and each other Obligee as follows:

1. NAMES. (a) The exact corporate name of each Grantor, as such name appears in its respective certificate of incorporation, is as follows:

(b) Set forth below is each other corporate name each Grantor has had in the past five years, together with the date of the relevant change:

(c) Except as set forth in Schedule 1 hereto, no Grantor has changed its identity or corporate structure in any way within the past five years. Changes in identity or corporate structure would include mergers, consolidations and acquisitions, as well as any change in the form, nature or jurisdiction of corporate organization. If any such change has occurred, include in Schedule 1 the information required by Sections 1 and 2 of this certificate as to each acquiree or constituent party to a merger or consolidation.

(d) The following is a list of all other names (including trade names or similar appellations) used by each Grantor or any of its divisions or other business units in connection with the conduct of its business or the ownership of its properties at any time during the past five years:

(e) Set forth below is the Federal Taxpayer Identification Number of each Grantor:

2. CURRENT LOCATIONS. (a) The chief executive office of each Grantor is located at the address set forth opposite its name below:

GRANTOR	MAILING ADDRESS	COUNTY	STATE

(b) Set forth below opposite the name of each Grantor are all locations where such Grantor maintains any books or records relating to any Account Rights (with each location at which chattel paper, if any, is kept being indicated by an "*"):

GRANTOR	MAILING ADDRESS	COUNTY	STATE

(c) Set forth below opposite the name of each Grantor are all the places of business of such Grantor not identified in paragraph (a) or (b) above:

GRANTOR	MAILING ADDRESS	COUNTY	STATE

(d) Set forth below opposite the name of each Grantor are all the locations where such Grantor maintains any Collateral not identified above:

GRANTOR	MAILING ADDRESS	COUNTY	STATE

(e) Set forth below opposite the name of each Grantor are the names and addresses of all persons other than such Grantor that have possession of any of the Collateral of such Grantor:

GRANTOR	MAILING ADDRESS	COUNTY	STATE

3. UNUSUAL TRANSACTIONS. All Account Rights have been originated by the Grantors and all Inventory has been acquired by the Grantors in the ordinary course of business.

4. FILE SEARCH REPORTS. Attached hereto as Schedule 4(A) are true copies of file search reports from the Uniform Commercial Code filing offices where filings described in Section 3.18 of the Credit Agreement are to be made. Attached hereto as Schedule 4(B) is a true copy of each financing statement or other filing identified in such file search reports.

5. UCC FILINGS. Duly signed financing statements on Form UCC-1 in substantially the form of Schedule 5 hereto have been prepared for filing in the Uniform Commercial Code filing office in each jurisdiction where a Grantor has Collateral as identified in Section 2 hereof.

6. SCHEDULE OF FILINGS. Attached hereto as Schedule 6 is a schedule setting forth, with respect to the filings described in Section 5 above, each filing and the filing office in which such filing is to be made.

7. FILING FEES. All filing fees and taxes payable in connection with the filings described in Section 5 above have been paid.

8. STOCK OWNERSHIP AND OTHER EQUITY INTERESTS. Attached hereto as Schedule 8 is a true and correct list of all the duly authorized, partnership interests, membership interests or other equity interests, issued and outstanding stock, partnership interests, limited liability company membership interests or other equity interests of the Borrower and of each Subsidiary and the record and beneficial owners of such stock, partnership interests, membership interests or other equity interests. Also set forth on Schedule 8 is each equity investment of the Borrower and each Subsidiary that represents 50% or less of the equity of the entity in which such investment was made.

9. NOTES. Attached hereto as Schedule 9 is a true and correct list of all notes and all other evidence of indebtedness held by the Borrower and each Subsidiary that are required to be pledged under the Pledge Agreement, including all intercompany notes between the Borrower and each Subsidiary of the Borrower and between each Subsidiary of the Borrower and each other such Subsidiary.

10. ADVANCES. Attached hereto as Schedule 10 is a true and correct list of all unpaid intercompany transfers of goods sold and delivered by or to the Borrower or any Subsidiary.

IN WITNESS WHEREOF, the undersigned have duly executed this certificate on this 16th day of December 1999.

CROSS COUNTRY TRAVCORPS, INC.,

by

Name:
Title:[Chief Financial Officer]

by

Name:
Title: [Chief Legal Officer]

Annex 2 to the
Security Agreement

SUPPLEMENT NO. ___ (this "SUPPLEMENT") dated as of __ to the Security Agreement dated as of July 29, 1999, among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITICORP"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (as defined herein).

A. Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT") among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as collateral agent (in such capacity, the "COLLATERAL AGENT"), as swingline lender (in such capacity, the "SWINGLINE LENDER") and as issuing bank (in such capacity, the "ISSUING BANK"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT").

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Credit Agreement.

C. The Grantors have entered into the Security Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Section 7.15 of the Security Agreement provides that additional Subsidiaries may become Grantors under the Security Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "NEW GRANTOR") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Grantor under the Security Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Grantor agree as follows:

SECTION 1. In accordance with Section 7.15 of the Security Agreement, the New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and the New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Grantor, as security for the payment and performance in full of the Obligations (as defined in the Credit Agreement), does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Obligees, their successors and assigns, a security interest in and lien on all of the New Grantor's right, title and interest in and to the Collateral (as defined in the Security Agreement) of the New Grantor. Each reference to a "GRANTOR" in the Security Agreement shall be deemed to include the New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. The New Grantor represents and warrants to the Collateral Agent and the other Obligees that this Supplement has been duly authorized, executed and delivered by it and

constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Grantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Grantor hereby represents and warrants that (a) set forth on Schedule I attached hereto is a true and correct schedule of the location of any and all Collateral of the New Grantor and (b) set forth under its signature hereto, is the true and correct location of the chief executive office of the New Grantor.

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Security Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provi sions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 7.01 of the Security Agreement. All communications and notices hereunder to the New Grantor shall be given to it in care of the Borrower.

SECTION 9. The New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

[NEW GRANTOR],

by

Name:
Title:

CITICORP USA, INC. as Collateral Agent,

by

Name:
Title:

SCHEDULE I
to Supplement No.___ to the
Security Agreement

LOCATION OF COLLATERAL

DESCRIPTION	LOCATION

Annex 3 to the
Security Agreement

LOCKBOX AND DEPOSITORY AGREEMENT dated as of [ ], among [Name of Grantor], a [ ] corporation (the "GRANTOR"), CITICORP USA, INC. ("CITICORP"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (such term, and each other capitalized term used but not defined herein, having the meaning given it in the Security Agreement referred to below) and [ ], a [ ] banking corporation (the "SUB-AGENT").

A. The Grantor and the Collateral Agent are parties to a Security Agreement dated as of July 29, 1999 , as amended and restated as of December 16, 1999 (as amended, supplemented or otherwise modified from time to time, the "SECURITY AGREEMENT"). Pursuant to the terms of the Security Agreement, the Grantor has granted to the Collateral Agent, for the ratable benefit of the Obligees, a security interest in its Account Rights and other Collateral (including Inventory, cash, cash accounts and Proceeds) to secure the payment and per formance of the Obligations and has irrevocably appointed the Collateral Agent as its agent to collect amounts due in respect of Account Rights and Inventory.

B. The Sub-Agent has agreed to act as collection sub-agent of the Collateral Agent to receive and forward payments with respect to the Account Rights and Inventory on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. The Collateral Agent hereby appoints the Sub-Agent as its collection sub-agent under the Security Agreement and authorizes the Sub-Agent, on the terms and subject to the conditions set forth herein, to receive payments in respect of Collateral consisting of Account Rights and Inventory.

2. The Sub-Agent has established and shall maintain deposit account number [] (including all subaccounts thereof) for the benefit of the Collateral Agent (such account being called the "COLLECTION DEPOSIT ACCOUNT"). The Collection Deposit Account shall be designated with the title "Citicorp USA, Inc., as Collateral Agent under the Security Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999" (or a similar title). [Subject to the Sub-Agent's Terms for Remittance Banking (Lockbox) Services attached hereto as Exhibit A, to the extent that the terms thereof relate to procedures or fees and to the extent not inconsistent with the terms hereof,] all payments received by the Sub-Agent in Lockbox Number [in respect thereof (the "LOCKBOXES") shall be promptly deposited in the Collection Deposit Account and shall not be commingled with other funds. All funds at any time on deposit in the Collection Deposit Account shall be held by the Sub-Agent for application in accordance with the terms of this Agreement. The Sub-Agent agrees to give the Collateral Agent prompt notice if the Collection Deposit Account shall become subject to any writ, judgment, warrant of attachment, execution or similar process. As security for the payment and performance of the Obligations, the Grantor hereby confirms and pledges, assigns and transfers to the Collateral Agent, and hereby creates and grants to the Collateral Agent, a security interest in the Collection Deposit Account, all property and assets held therein and all Proceeds thereof.

3. The Collection Deposit Account shall be under the sole dominion and control of the Collateral Agent, who shall possess all right, title and interest in all of the items from time to time in the Collection Deposit Account and their Proceeds. The Sub-Agent shall be the Collateral Agent's agent for the purpose of holding and collecting such items and their Proceeds. Neither the Grantor nor any person or entity claiming by, through or under the Grantor shall have any right, title or interest in, or control over the use of, or any right to withdraw any amount from, the Collection Deposit Account, except that the Collateral Agent shall have the right to withdraw amounts from the Collection Deposit Account. The Sub-Agent shall be entitled to rely on, and shall act in accordance with, all instructions given to it by the Collateral Agent with respect to the Collection Deposit Account. The Collateral Agent shall have the sole power to agree with the Sub-Agent as to specifications for Lockbox services.

4. Upon receipt of written, fax or telephonic notice (which, in the case of telephonic notice, shall be promptly confirmed in writing or by fax) from the Collateral Agent, the Sub- Agent shall, if so directed in such notice (subject to the Sub-Agent's right to request that the Collateral Agent furnish, in form satisfactory to the Sub-Agent, signature cards and/or other appropriate documentation), promptly transmit or deliver to the Collateral Agent at the office specified in paragraph 12 hereof (or such other office as the Collateral Agent shall specify) (a) all funds, if any, then on deposit in, or otherwise to the credit of, the Collection Deposit Account (PROVIDED that funds on deposit that are subject to collection may be transmitted promptly upon availability for withdrawal), (b) all checks, drafts and other instruments for the payment of money received in the Lockboxes and in the possession of the Sub-Agent, without depositing such checks, drafts or other instruments in the Collection Deposit Account or any other account and (c) any checks, drafts and other instruments for the payment of money received in the Lockboxes by the Sub-Agent after such notice, in whatever form received, PROVIDED that the Sub-Agent may retain a reasonable reserve in a separate deposit account with the Sub-Agent in respect of unpaid fees and amounts which may be subject to collection.

5. The Sub-Agent is hereby instructed and authorized to transfer by wire transfer or Automated Clearing House ("ACH") from the Collection Deposit Account all funds that are from time to time deposited or otherwise credited to such account (after such funds become available to the Sub-Agent, either through the Federal Reserve System or other clearing mechanism used by the Sub-Agent's branch and to the extent such funds exceed $1,000) in the aggregate, to such account as the Collateral Agent may from time to time direct, PROVIDED that, unless the Collateral Agent otherwise instructs, no such transfer shall be required if such transfer would result in the transfer of an amount less than $1,000 in the aggregate. Unless otherwise directed by the Collateral Agent, such funds shall be transferred on each business day by wire transfer or ACH and shall be identified as follows:

Citibank, N.A.
ABA Number
For credit to CITICORP USA, INC., New York, NY 10013
Account Number:
Re: Cross Country Travcorps, Inc. Cash Collateral Account

These transfer instructions and authorizations may not be amended, altered or revoked by the Grantor without the prior written consent of the Collateral Agent. The Collateral Agent, however, shall have the right to amend or revoke these transfer instructions and authorizations at any time without the consent of the Grantor.

6. The Sub-Agent shall furnish the Collateral Agent with monthly statements setting forth the amounts deposited in the Collection Deposit Account and all transfers and withdrawals therefrom, and shall furnish such other information at such times as shall be reasonably requested by the Collateral Agent.

7. The fees for the services of the Sub-Agent shall be mutually agreed upon between the Grantor and the Sub-Agent and shall be the obligation of the Grantor; PROVIDED, HOWEVER, that, notwithstanding the terms of any agreement under which the Collection Deposit Account shall have been established with the Sub-Agent, the Grantor and the Sub-Agent agree not to terminate such Collection Deposit Account for any reason (including the failure of the Grantor to pay such fees) for so long as this Agreement shall remain in effect (it being understood that the foregoing shall not be construed to prohibit the resignation of the Sub-Agent in accordance with paragraph 9 below). Neither the Collateral Agent nor the Obligees shall have any liability for the payment of any such fees. The Sub-Agent may perform any of its duties hereunder by or through its agents, officers or employees.

8. The Sub-Agent hereby represents and warrants that (a) it is a banking corporation duly organized, validly existing and in good standing under the laws of [] and has full corporate power and authority under such laws to execute, deliver and perform its obligations under this Agreement and (b) the execution, delivery and performance of this Agreement by the Sub-Agent have been duly and effectively authorized by all necessary corporate action and this Agreement has been duly executed and delivered by the Sub-Agent and constitutes a valid and binding obligation of the Sub-Agent enforceable in accordance with its terms.

9. The Sub-Agent may resign at any time as Sub-Agent hereunder by delivery to the Collateral Agent of written notice of resignation not less than thirty days prior to the effective date of such resignation. The Sub-Agent may be removed by the Collateral Agent at any time, with or without cause, by written, telecopy or telephonic notice (which, in the case of telephonic notice, shall be promptly confirmed in writing or by telecopy) of removal delivered to the Sub-Agent. Upon receipt of such notice of removal, or delivery of such notice of resignation, the Sub-Agent shall (subject to the Sub-Agent's right to request that the Collateral Agent furnish, in form satisfactory to the Sub-Agent, signature cards and/or other appropriate documentation), promptly transmit or deliver to the Collateral Agent at the office specified in paragraph 12 (or such other office as the Collateral Agent shall specify) (a) all funds, if any, then on deposit in, or otherwise to the credit of, the Collection Deposit Account (PROVIDED that funds on deposit that are subject to collection may be transmitted promptly upon availability for withdrawal), (b) all checks, drafts and other instruments for the payment of money received in the Lockboxes and in the possession of the Sub-Agent, without depositing such checks, drafts or other instruments in the Collection Deposit Account or any other account and (c) any checks, drafts and other instruments for the payment of money received in the Lockboxes by the Sub-Agent after such notice, in whatever form received.

10. The Grantor consents to the appointment of the Sub-Agent and agrees that the Sub- Agent shall incur no liability to the Grantor as a result of any action taken pursuant to an instruction given by the Collateral Agent in accordance with the provisions of this Agreement. The Grantor agrees to indemnify and defend the Sub-Agent against any loss, liability, claim or expense (including reasonable attorneys' fees) arising from the Sub-Agent's entry into this Agreement and actions taken hereunder, except to the extent resulting from the Sub-Agent's gross negligence or willful misconduct.

11. The term of this Agreement shall extend from the date hereof until the earlier of (a) the date on which the Sub-Agent has been notified in writing by the Collateral Agent that the Sub-Agent has no further duties under this Agreement and (b) the date of termination specified in the notice of removal given by the Collateral Agent, or notice of resignation given by the Sub-Agent, as the case may be, pursuant to paragraph 9. The obligations of the Sub- Agent contained in the last sentence of paragraph 9 and in paragraph 15, and the obligations of the Grantor contained in paragraphs 7 and 10, shall survive the termination of this Agreement.

12. All notices and communications hereunder shall be in writing and shall be delivered by hand or by courier service, mailed by certified or registered mail or sent by telecopy (except where telephonic instructions or notices are authorized herein) and shall be effective on the day on which received (a) in the case of the Collateral Agent, to Citicorp USA, Inc., 390 Greenwich Street, New York, New York 10013, Attention of [Collateral Monitoring Department], and (b) in the case of the Sub-Agent, addressed to [], Attention of [Agent shall be authorized to act, and to give instructions and notices, on behalf of the Collateral Agent hereunder.

13. The Sub-Agent will not assign or transfer any of its rights or obligations hereunder (other than to the Collateral Agent) without the prior written consent of the other parties hereto, and any such attempted assignment or transfer shall be void.

14. Except as provided in paragraph 5 above, this Agreement may be amended only by a written instrument executed by the Collateral Agent, the Sub-Agent and the Grantor, acting by their duly authorized representative officers.

15. Except as otherwise provided in the Credit Agreement with respect to rights of set off available to the Sub-Agent in its capacity as a Lender (if and so long as the Sub-Agent is a Lender thereunder), the Sub-Agent hereby irrevocably waives any right to set off against, or otherwise deduct from, any funds held in the Collection Deposit Account and all items (and Proceeds thereof) that come into its possession in connection with the Collection Deposit Account any indebtedness or other claim owed by the Grantor or any affiliate thereof to the Sub-Agent; PROVIDED, HOWEVER, that this paragraph shall not limit the ability of the Sub-Agent to, and the Sub-Agent may, (a) exercise any right to set off against, or otherwise deduct from, any such funds to the extent necessary for the Sub-Agent to collect any fees owed to it by the Grantor in connection with the Collection Deposit Account, (b) charge back and net against the Collection Deposit Account any returned or dishonored items or other adjustments in accordance with the Sub-Agent's usual practices and (c) (i) establish the reserves contemplated in paragraph 4 in respect of unpaid fees and amounts which may be subject to collection and (ii) transfer funds in respect of such reserves from the Collection Deposit Account to the separate deposit account with the Sub-Agent as contemplated in paragraph 4.

16. This Agreement shall inure to the benefit of and be binding upon the Collateral Agent, the Sub-Agent, the Grantor and their respective permitted successors and assigns.

17. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

18. EXCEPT TO THE EXTENT THE LAWS OF THE STATE OF [ ] GOVERN THE COLLECTION DEPOSIT ACCOUNT, THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

19. The Sub-Agent shall be an independent contractor. This Agreement does not give rise to any partnership, joint venture or fiduciary relationship.

20. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

[Name of Grantor],

by

Name:
Title:

CITICORP USA, INC.,
as Collateral Agent,
by

Name:
Title:

[Sub-Agent],
by

Name:
Title:

EXHIBIT 10.13

[FORM OF]

PLEDGE AGREEMENT (together with instruments executed and delivered pursuant to Section 23, this "AGREEMENT") dated as of July 29, 1999, among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITICORP"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (as defined in the Credit Agreement referred to below).

Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT"). Capitalized terms used and not defined herein (including, without limitation, the term "OBLIGATIONS", as used in the next paragraph and elsewhere herein) are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The Borrower, among other things, has agreed to cause each of the Subsidiaries (the "SUBSIDIARY PLEDGORS"; the Borrower and the Subsidiary Pledgors are referred to collectively as the "PLEDGORS") to pledge certain assets pursuant to this Agreement. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned upon, among other things, the execution and delivery by the Pledgors of an agreement in the form hereof to secure the Obligations.

Accordingly, the Pledgors and the Collateral Agent, on behalf of itself and each Secured Party (and each of their respective successors or assigns), hereby agree as follows:

SECTION 1. PLEDGE. As security for the payment and performance, as the case may be, in full of the Obligations, each Pledgor hereby transfers, grants, bargains, sells, conveys, hypothecates, pledges, sets over, assigns as security and delivers unto the Collateral Agent, its successors and assigns, and hereby grants to the Collateral Agent, its successors and assigns, for the ratable benefit of the Obligees, a security interest in all of such Pledgor's right, title and interest in, to and under (a) the Equity Interests and Rights owned by it and listed on Schedule II hereto and any Equity Interests and Rights of any Subsidiary or any other person obtained in the future by such Pledgor and any and all certificates representing the foregoing (collectively, the "PLEDGED STOCK"); PROVIDED that

the Pledged Stock shall not include (i) more than 65% of the issued and outstanding shares of voting Equity Interests (but shall be required to pledge 100% of the non-voting Equity Interests) of any Foreign Subsidiary or (ii) to the extent that applicable law requires that a Subsidiary of the Pledgor issue directors' qualifying shares, such qualifying shares; (b)(i) the debt securities listed opposite the name of such Pledgor on Schedule II hereto, (ii) any debt securities of any other Pledgor or any Subsidiary or any other person in the future issued to or held by such Pledgor and (iii) the promissory notes and any other instruments evidencing such debt securities (the "PLEDGED DEBT SECURITIES"); (c) all other property that may be delivered to and held by the Collateral Agent pursuant to the terms hereof; (d) subject to Section 5, all payments of principal or interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed, in respect of, in exchange for or upon the conversion of the securities referred to in clauses (a) and (b) above; (e) subject to Section 5, all rights and privileges of such Pledgor with respect to the securities, interests and other property referred to in clauses (a), (b), (c) and (d) above; and (f) all proceeds of any of the foregoing (the items referred to in clauses (a) through (f) above being collectively referred to as the "COLLATERAL"). Upon delivery to the Collateral Agent, (a) any stock certificates, notes or other securities (including the Pledged Debt Securities) now or hereafter included in the Collateral (the "PLEDGED SECURITIES") shall be accompanied by stock or bond powers duly executed in blank or other instruments of transfer satisfactory to the Collateral Agent with, if the Collateral Agent so requests, signature guaranteed, and by such other endorsements, instruments and documents as the Collateral Agent may reasonably request and (b) all other property comprising part of the Collateral shall be accompanied by proper instruments of assignment duly executed by each Pledgor and such other endorsements, instruments or documents as the Collateral Agent may reasonably request. Each delivery of Pledged Securities shall be accompanied by a schedule describing the securities theretofore and then being pledged hereunder, which schedule shall be attached hereto as Schedule II and made a part hereof. Each schedule so delivered shall supersede any prior schedules so delivered.

TO HAVE AND TO HOLD the Collateral, together with all right, title, interest, powers, privileges and preferences pertaining or incidental thereto, unto the Collateral Agent, its successors and assigns, for the ratable benefit of the Obligees, forever; SUBJECT, HOWEVER, to the terms, covenants and conditions hereinafter set forth.

SECTION 2. DELIVERY OF THE COLLATERAL. (a) Each Pledgor agrees promptly to deliver or cause to be delivered to the Collateral Agent any and all Pledged Securities, and any and all certificates or other instruments or documents representing the Collateral.

(b) Each Pledgor will cause any Indebtedness for borrowed money owed to such Pledgor by any other Pledgor or any Subsidiary to be evidenced by a duly executed promissory note that is pledged and delivered to the Collateral Agent pursuant to the terms hereof.

SECTION 3. REPRESENTATIONS, WARRANTIES AND COVENANTS. Each Pledgor hereby represents, warrants and covenants, as to itself and the Collateral pledged by it hereunder, to and with the Collateral Agent that:

(a) the Pledged Stock represents that percentage as set forth on Schedule II of the issued and outstanding shares of each class of the capital stock or other Equity Interests of the issuer with respect thereto;

(b) except for the security interest granted hereunder, such Pledgor (i) is and will at all times continue to be the direct owner, beneficially and of record, of the Pledged Securities indicated on Schedule II, (ii) holds the same free and clear of all Liens, (iii) will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other Lien on, the Collateral, other than pursuant hereto, and (iv) subject to Section 5, will cause any and all Collateral, whether for value paid by the Pledgor or otherwise, to be forthwith deposited with the Collateral Agent and pledged or assigned hereunder;

(c) such Pledgor (i) has the power and authority to pledge the Collateral in the manner hereby done or contemplated and (ii) will defend its title or interest thereto or therein against any and all Liens (other than the Lien created by this Agreement), however arising, of all persons whomsoever;

(d) no consent of any other person (including stockholders or creditors of such Pledgor) and no consent or approval of any Governmental Authority or any securities exchange was or is necessary to the validity of the pledge effected hereby;

(e) by virtue of the execution and delivery by the Pledgors of this Agreement, when the Pledged Securities, certificates or other documents representing or evidencing the Collateral are delivered to the Collateral Agent in accordance with this Agreement or, if a security interest in any of such Collateral may not under applicable law be perfected by possession, then upon the filing of appropriate financing statements, the Collateral Agent will obtain a valid and perfected first lien upon and security interest in such Pledged Securities as security for the payment and performance of the Obligations;

(f) the pledge effected hereby is effective to vest in the Collateral Agent, on behalf of the Obligees, the rights of the Collateral Agent in the Collateral as set forth herein;

(g) all of the Pledged Stock has been duly authorized and validly issued, is fully paid and nonassessable and is in certificated form;

(h) all information set forth herein relating to the Pledged Stock is accurate and complete in all material respects as of the date hereof;

(i) the pledge of the Pledged Stock pursuant to this Agreement does not violate Regulation U or X of the Federal Reserve Board or any successor thereto as of the date hereof;

(j) the Collateral shall not be represented by any certificates, notes, securities, documents or other instruments other than those delivered hereunder; and

(k) the terms of the governing documentation for the capital stock of each partnership or limited liability company whose capital stock is pledged under Section 1 above will at all times expressly provide that the capital stock of such partnership or limited liability company is a security governed by Article VIII of the Uniform Commercial Code as in effect in New York and that such capital

stock will at all times be represented by a certificate duly delivered to the Collateral Agent under Section 1 above.

SECTION 4. REGISTRATION IN NOMINEE NAME; DENOMINATIONS. The Collateral Agent, on behalf of the Obligees, shall have the right to hold the Pledged Securities in the name of the Pledgors, endorsed or assigned in blank or in favor of the Collateral Agent or, upon the occurrence and during the continuance of an Event of Default, in its own name as pledgee or the name of its nominee (as pledgee or as sub-agent). Each Pledgor will promptly give to the Collateral Agent copies of any notices or other communications received by it with respect to Pledged Securities registered in the name of such Pledgor. The Collateral Agent shall at all times have the right to exchange the certificates representing Pledged Securities for certificates of smaller or larger denominations for any purpose consistent with this Agreement.

SECTION 5. VOTING RIGHTS; DIVIDENDS AND INTEREST, ETC. (a) Unless and until an Event of Default shall have occurred and be continuing:

(i) Each Pledgor shall be entitled to exercise any and all voting and/or other consensual rights and powers inuring to an owner of Pledged Securities or any part thereof for any purpose consistent with the terms of this Agreement, the Credit Agreement and the other Credit Documents; PROVIDED, HOWEVER, that such Pledgor will not be entitled to exercise any such right if the result thereof could materially and adversely affect the rights inuring to a holder of the Pledged Securities or the rights and remedies of any of the Obligees under this Agreement or the Credit Agreement or any other Credit Document or the ability of the Obligees to exercise the same.

(ii) The Collateral Agent shall execute and deliver to each Pledgor, or cause to be executed and delivered to each Pledgor, all such proxies, powers of attorney and other endorsement or instruments as such Pledgor may reasonably request for the purpose of enabling such Pledgor to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to subparagraph (i) above and to receive the cash dividends it is entitled to receive pursuant to subparagraph (iii) below.

(iii) Each Pledgor shall be entitled to receive and retain any and all cash dividends, distributions, interest and principal paid on the Pledged Securities to the extent and only to the extent that such cash dividends, distributions, interest and principal are permitted by, and otherwise paid in accordance with, the terms and conditions of the Credit Agreement, the other Credit Documents and applicable laws. All noncash dividends, distributions, interest and principal, and all dividends, distributions, interest and principal paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid-in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Pledged Securities, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding capital stock of the issuer of any Pledged Securities or received in exchange for Pledged Securities or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral,

and, if received by any Pledgor, shall not be commingled by such Pledgor with any of its other funds or property but shall be held separate and apart therefrom, shall be held in trust for the benefit of the Collateral Agent and shall be forthwith delivered to the Collateral Agent in the same form as so received (with any necessary endorsement).

(b) Upon the occurrence and during the continuance of an Event of Default, all rights of any Pledgor to dividends, distributions, interest or principal that such Pledgor is authorized to receive pursuant to paragraph (a)(iii) above shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such dividends, distributions, interest or principal. All dividends, distributions, interest or principal received by any Pledgor contrary to the provisions of this Section 5 shall be held in trust for the benefit of the Collateral Agent, shall be segregated from other property or funds of such Pledgor and shall be forthwith delivered to the Collateral Agent upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by the Collateral Agent pursuant to the provisions of this paragraph (b) shall be retained by the Collateral Agent in an account to be established by the Collateral Agent upon receipt of such money or other property and shall be applied in accordance with the provisions of Section 7. After all Events of Default have been cured or waived, the Collateral Agent shall, within five Business Days after all such Events of Default have been cured or waived, repay to each Pledgor all cash dividends, distributions, interest or principal (without interest), that such Pledgor would otherwise be permitted to retain pursuant to the terms of paragraph (a)(iii) above and which remain in such account.

(c) Upon the occurrence and during the continuance of an Event of Default, all rights of any Pledgor to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to paragraph (a)(i) of this Section 5, and the obligations of the Collateral Agent under paragraph (a)(ii) of this Section 5, shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to exercise such voting and consensual rights and powers, PROVIDED THAT, unless otherwise directed by the Required Lenders, the Collateral Agent shall have the right from time to time following and during the continuance of an Event of Default to permit such Pledgor to exercise such rights. After all Events of Default have been cured or waived, such Pledgor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of paragraph (a)(i) above.

SECTION 6. REMEDIES UPON DEFAULT. Upon the occurrence and during the continuance of an Event of Default, subject to applicable regulatory and legal requirements, the Collateral Agent may sell the Collateral, or any part thereof, at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Collateral Agent shall deem appropriate. The Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof or to impose other restrictions necessary in its judgment to ensure compliance with applicable securities laws, as more fully set forth in Section 11, and upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so

sold. Each such purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Pledgor, and, to the extent permitted by applicable law, each Pledgor hereby waives all rights of redemption, stay, valuation and appraisal such Pledgor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

The Collateral Agent shall give a Pledgor 10 days' prior written notice (which each Pledgor agrees is reasonable notice within the meaning of Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions) of the Collateral Agent's intention to make any sale of such Pledgor's Collateral. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may (in its sole and absolute discretion) determine. The Collateral Agent shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid in full by the purchaser or purchasers thereof, but the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section 6, any Secured Party may bid for or purchase, free from any right of redemption, stay or appraisal on the part of any Pledgor (all said rights being also hereby waived and released), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to it from such Pledgor as a credit against the purchase price, and it may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to such Pledgor therefor. For purposes hereof, (a) a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof, (b) the Collateral Agent shall be free to carry out such sale pursuant to such agreement and (c) such Pledgor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 6 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-504(3) of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions.

SECTION 7. APPLICATION OF PROCEEDS OF SALE. The proceeds of any sale of Collateral pursuant to Section 6, as well as any Collateral consisting of cash, shall be applied by the Collateral Agent as follows:

FIRST, to the payment of all costs and expenses incurred by the Collateral Agent in connection with such sale or otherwise in connection with this Agreement, any other Credit Document or any of the Obligations, including all court costs and the reasonable fees and expenses of its agents and legal counsel, the repayment of all advances made by the Collateral Agent hereunder or under any other Credit Document on behalf of any Pledgor and any other costs or expenses incurred in connection with the exercise of any right or remedy hereunder or under any other Credit Document;

SECOND, to the payment in full of the Obligations (the amounts so applied to be distributed among the Obligees pro rata in accordance with the amounts of the Obligations owed to them on the date of any such distribution); and

THIRD, to the Pledgor, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

The Collateral Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof.

SECTION 8. REIMBURSEMENT OF COLLATERAL AGENT. (a) Each Pledgor agrees to pay upon demand to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees, other charges and disbursements of its counsel and of any experts or agents, that the Collateral Agent may incur in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Agent hereunder or (iv) the failure by any Pledgor to perform or observe any of the provisions hereof.

(b) Without limitation of its indemnification obligations under the other Credit Documents, each of the Pledgors jointly and severally agrees to indemnify the Collateral Agent and the Indemnitees against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, other charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby or (ii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto,

PROVIDED that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) Any amounts payable as provided hereunder shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 8 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Credit Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Credit Document or any investigation made by or on behalf of the Collateral Agent or any other Secured Party. All amounts due under this Section 8 shall be payable on written demand therefor and shall bear interest at the rate specified in Section 2.07 of the Credit Agreement.

SECTION 9. COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT. Each Pledgor hereby appoints the Collateral Agent the attorney-in-fact of such Pledgor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Collateral Agent shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in the Collateral Agent's name or in the name of such Pledgor, to ask for, demand, sue for, collect, receive and give acquittance for any and all moneys due or to become due under and by virtue of any Collateral, to endorse checks, drafts, orders and other instruments for the payment of money payable to such Pledgor representing any interest or dividend or other distribution payable in respect of the Collateral or any part thereof or on account thereof and to give full discharge for the same, to settle, compromise, prosecute or defend any action, claim or proceeding with respect thereto, and to sell, assign, endorse, pledge, transfer and to make any agreement respecting, or otherwise deal with, the same; PROVIDED that nothing herein contained shall be construed as requiring or obligating the Collateral Agent to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. The Collateral Agent and the other Obligees shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to any Pledgor for any act or failure to act hereunder, except for their own gross negligence or wilful misconduct.

SECTION 10. WAIVERS; AMENDMENT. (a) No failure or delay of the Collateral Agent or any of the Pledgors in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the Pledgors hereunder and of the other Obligees under the other Credit Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Agreement or consent to any departure by any Pledgor therefrom shall in any event be

effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Pledgor in any case shall entitle such Pledgor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Collateral Agent and the Pledgor or Pledgors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 9.08 of the Credit Agreement.

SECTION 11. SECURITIES ACT, ETC. In view of the position of the Pledgors in relation to the Pledged Securities, or because of other current or future circumstances, a question may arise under the Securities Act of 1933, as now or hereafter in effect, or any similar statute hereafter enacted analogous in purpose or effect (such Act and any such similar statute as from time to time in effect being called the "FEDERAL SECURITIES LAWS") with respect to any disposition of the Pledged Securities permitted hereunder. Each Pledgor understands that compliance with the Federal Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Pledged Securities, and might also limit the extent to which or the manner in which any subsequent transferee of any Pledged Securities could dispose of the same. Similarly, there may be other legal restrictions or limitations affecting the Collateral Agent in any attempt to dispose of all or part of the Pledged Securities under applicable Blue Sky or other state securities laws or similar laws analogous in purpose or effect. Each Pledgor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Pledged Securities, limit the purchasers to those who will agree, among other things, to acquire such Pledged Securities for their own account, for investment, and not with a view to the distribution or resale thereof. Each Pledgor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion, (a) may proceed to make such a sale whether or not a registration statement for the purpose of registering such Pledged Securities or part thereof shall have been filed under the Federal Securities Laws and (b) may approach and negotiate with a single potential purchaser to effect such sale. Each Pledgor acknowledges and agrees that any such sale might result in prices and other terms less favorable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Pledged Securities at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were deferred until after registration as aforesaid or if more than a single purchaser were approached. The provisions of this Section 11 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices may exceed substantially the price at which the Collateral Agent sells.

SECTION 12. SECURITY INTEREST ABSOLUTE. All rights of the Collateral Agent hereunder, the grant of a security interest in the Collateral and all obligations of each Pledgor hereunder, shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Credit Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment

of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Credit Document or any other agreement or instrument relating to any of the foregoing, (c) any exchange, release or nonperfection of any other collateral, or any release or amendment or waiver of or consent to or departure from any guaranty, for all or any of the Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Pledgor in respect of the Obligations or in respect of this Agreement (other than the indefeasible payment in full of all the Obligations).

SECTION 13. TERMINATION OR RELEASE. (a) This Agreement and the security interests granted hereby shall terminate when all the Obligations have been indefeasibly paid in full and the Lenders have no further commitment to lend under the Credit Agreement, the L/C Exposure has been reduced to zero and the Issuing Bank has no further obligation to issue Letters of Credit under the Credit Agreement.

(b) Upon the effectiveness of any written consent to the release of the security interest granted hereby in any Collateral pursuant to Section 9.08(b) of the Credit Agreement, the security interest in such Collateral shall be automatically released.

(c) In connection with any termination or release pursuant to paragraph (a) or (b) above, the Collateral Agent shall execute and deliver to any Pledgor, at such Pledgor's expense, all documents that such Pledgor shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section 13 shall be without recourse to or warranty by the Collateral Agent.

SECTION 14. NOTICES. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to any Subsidiary Pledgor shall be given to it in care of the Borrower.

SECTION 15. FURTHER ASSURANCES. Each Pledgor agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements, endorsement and instruments, as the Collateral Agent may at any time reasonably request in connection with the administration and enforcement of this Agreement or with respect to the Collateral or any part thereof or in order better to assure and confirm unto the Collateral Agent its rights and remedies hereunder.

SECTION 16. BINDING EFFECT; SEVERAL AGREEMENT; ASSIGNMENTS. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Pledgor that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns. This Agreement shall become effective as to any Pledgor when a counterpart hereof (or a Supplement referred to in Section 23) executed on behalf of such Pledgor shall have been delivered to the Collateral Agent and a counterpart hereof (or a Supplement referred to in Section 23) shall have been executed on behalf of the Collateral Agent, and thereafter shall be binding upon such Pledgor and the Collateral Agent, and their respective successors and assigns, enforceable by such Pledgor against the Collateral Agent and by the Collateral Agent against such Pledgor, and their respective successors and assigns, and shall inure to the benefit of such Pledgor, the Collateral Agent and the other Obligees, and their respective successors and assigns, except that no Pledgor shall have the right to assign its rights

hereunder or any interest herein or in the Collateral (and any such attempted assignment shall be void), except as expressly contemplated by this Agreement or the other Credit Documents. This Agreement shall be construed as a separate agreement with respect to each Pledgor and may be amended, modified, supplemented, waived or released with respect to any Pledgor without the approval of any other Pledgor and without affecting the obligations of any other Pledgor hereunder.

SECTION 17. SURVIVAL OF AGREEMENT; SEVERABILITY. (a) All covenants, agreements, representations and warranties made by each Pledgor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Credit Document shall be considered to have been relied upon by the Collateral Agent and the other Obligees, shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit by the Issuing Bank, regardless of any investigation made by the Obligees or on their behalf, and shall continue in full force and effect until terminated in accordance with Section 14.

(b) In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 18. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 19. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract, and shall become effective as provided in Section 17. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 20. RULES OF INTERPRETATION. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement. Section headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting this Agreement.

SECTION 21. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (a) Each Pledgor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Credit Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that, to the extent permitted by applicable law, all claims in respect of any such action or proceeding may be heard and

determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Collateral Agent or any other Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Credit Documents against the Pledgor or its properties in the courts of any jurisdiction.

(b) Each Pledgor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Credit Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 15. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 22. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER CREDIT DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 23. ADDITIONAL PLEDGORS. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary that was not in existence or not a Subsidiary on the Second Restatement Closing Date is required to enter into this Agreement as a Subsidiary Pledgor upon becoming a Subsidiary if such Subsidiary owns or possesses property of a type that would be considered Collateral hereunder. Upon execution and delivery by the Collateral Agent and a Subsidiary of a Supplement in the form of Annex 1, such Subsidiary shall become a Subsidiary Pledgor hereunder with the same force and effect as if originally named as a Subsidiary Pledgor herein. The execution and delivery of such Supplement shall not require the consent of any Pledgor hereunder. The rights and obligations of each Pledgor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Pledgor as a party to this Agreement.

SECTION 24. EXECUTION OF FINANCING STATEMENTS. Pursuant to Section 9-402 of the Uniform Commercial Code as in effect in the State of New York or its equivalent in other jurisdictions, each Pledgor authorizes the Collateral Agent to file financing statements with respect to the Collateral owned by it without the signature of such

Pledgor in such form and in such filing offices as the Collateral Agent reasonably determines appropriate to perfect the security interests of the Collateral Agent under this Agreement. A carbon, photographic or other reproduction of this Agreement shall be sufficient as a financing statement for filing in any jurisdiction.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

CROSS COUNTRY TRAVCORPS, INC.,

by

Name:
Title:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

Schedule I to the
Pledge Agreement

SUBSIDIARY PLEDGORS

NAME	ADDRESS

Schedule II to the
Pledge Agreement

EQUITY INTERESTS AND RIGHTS

PLEDGOR	ISSUER	NUMBER OF CERTIFICATE	REGISTERED OWNER	NUMBER AND CLASS OF SHARES	PERCENTAGE OF SHARES

DEBT SECURITIES

PLEDGOR	ISSUER	PRINCIPAL AMOUNT	DATE OF NOTE	MATURITY DATE

Annex 1 to the
Pledge Agreement

SUPPLEMENT NO.___ (this "SUPPLEMENT") dated as of _____ to the PLEDGE AGREEMENT dated as of July 29, 1999, among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), and CITICORP USA, INC. ("CITICORP"), as collateral agent (in such capacity, the "COLLATERAL AGENT") for the Obligees (as defined in the Credit Agreement referred to below).

A. Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT") among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (the "ARRANGER"), Citicorp, as administrative agent (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as swingline lender (in such capacity, the "SWINGLINE LENDER") and as issuing bank (in such capacity, the "ISSUING BANK") for the Lenders, Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N. A., as documentation agent (the "DOCUMENTATION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT"), among the Guarantors and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein are used with the meanings assigned to such terms in the Credit Agreement and the Pledge Agreement.

C. The Pledgors have entered into the Pledge Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary that was not in existence or not a Subsidiary on the Second Restatement Closing Date is required to enter into the Pledge Agreement as a Subsidiary Pledgor upon becoming a Subsidiary if such Subsidiary owns or possesses property of a type that would be considered Collateral under the Pledge Agreement. Section 23 of the Pledge Agreement provides that such Subsidiaries may become Subsidiary Pledgors under the Pledge Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "NEW PLEDGOR") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Pledgor under the Pledge Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Pledgor agree as follows:

SECTION 1. In accordance with Section 23 of the Pledge Agreement, the New Pledgor by its signature below becomes a Pledgor under the Pledge Agreement with the same force and effect as if originally named therein as a Pledgor and the New Pledgor hereby agrees (a) to all the terms and provisions of the Pledge Agreement applicable to it as a Pledgor thereunder and (b) represents and warrants that the representations and warranties made by it as a Pledgor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Pledgor, as security for the payment and performance in full of the Obligations, does hereby create and grant to the Collateral Agent, its successors and assigns, for the benefit of the Obligees, their successors and assigns, a security interest in and lien on all of the New Pledgor's right, title and interest

in and to the Collateral of the New Pledgor. Each reference to a "Subsidiary Pledgor" or a "Pledgor" in the Pledge Agreement shall be deemed to include the New Pledgor. The Pledge Agreement is hereby incorporated herein by reference.

SECTION 2. The New Pledgor represents and warrants to the Collateral Agent and the other Obligees that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Pledgor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. The New Pledgor hereby represents and warrants that set forth on Schedule I attached hereto is a true and correct schedule of all its Pledged Securities.

SECTION 5. Except as expressly supplemented hereby, the Pledge Agreement shall remain in full force and effect.

SECTION 6. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Pledge Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All communications and notices hereunder shall be in writing and given as provided in Section 15 of the Pledge Agreement. All communications and notices hereunder to the New Pledgor shall be given to it in care of the Borrower.

SECTION 9. The New Pledgor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Pledgor and the Collateral Agent have duly executed this Supplement to the Pledge Agreement as of the day and year first above written.

[Name of New Pledgor],

by

Name:
Title:
Address:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

Schedule I to
Supplement No.
to the Pledge Agreement

PLEDGED SECURITIES OF THE NEW PLEDGOR

EQUITY INTERESTS AND RIGHTS

ISSUER	NUMBER OF CERTIFICATE	REGISTERED OWNER	NUMBER AND CLASS OF SHARES	PERCENTAGE OF SHARES

DEBT SECURITIES

ISSUER	PRINCIPAL AMOUNT	DATE OF NOTE	MATURITY DATE

[FORM OF] INDEMNITY, SUBROGATION and CONTRIBUTION AGREEMENT (together with instruments executed and delivered pursuant to Section 12, the "Agreement") dated as of July 29, 1999, among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "Borrower"), each subsidiary of the Borrower listed on Schedule I hereto (the "Subsidiary Guarantors" or, the "Guarantors") and CITICORP USA, INC. ("Citicorp"), as collateral agent (in such capacity, the "Collateral Agent") for the Obligees (as defined in the Credit Agreement referred to below).

Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION AGENT"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT") and the Collateral Documents referred to in the Credit Agreement. Capitalized terms used herein and not defined herein are used with the meanings assigned to such terms in the Credit Agreement.

The Lenders have agreed to make Loans to the Borrower, and the Issuing Bank has agreed to issue Letters of Credit for the account of the Borrower, pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. The Guarantors have guaranteed such Loans and the other Obligations (as defined in the Credit Agreement) of the Borrower under the Credit Agreement pursuant to the Subsidiary Guarantee Agreement and have granted Liens on and security interests in certain of their assets pursuant to the Collateral Documents to secure the Obligations, including in the case of the Guarantors, such guarantees. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit are conditioned on, among other things, the execution and delivery by the Borrower and the Guarantors of an agreement in the form hereof.

Accordingly, the Borrower, each Guarantor and the Collateral Agent agree as follows:

SECTION 1. INDEMNITY AND SUBROGATION. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 3), the Borrower agrees that (a) in the event a payment shall be made by any Guarantor under the Subsidiary Guarantee Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and, until such indemnification obligation shall have been satisfied, such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment and (b) in the event any assets of any Guarantor shall be sold pursuant to any Collateral Documents to satisfy a claim of any Obligee, the Borrower shall indemnify such Guarantor in an amount equal to the greater of the book value or the fair market value of the assets so sold.

SECTION 2. CONTRIBUTION AND SUBROGATION. Each Guarantor (a "CONTRIBUTING GUARANTOR") agrees (subject to Section 3) that, in the event a payment shall be made by any Guarantor under the Subsidiary Guarantee Agreement or assets of any other Guarantor shall be sold pursuant to any Credit Document to satisfy a claim of any Obligee, and, in either case, such other Guarantor (the "CLAIMING GUARANTOR") shall not have been fully indemnified by the Borrower as provided in Section 1, the Contributing Guarantor shall, to the extent the Claiming Guarantor shall not have been so indemnified by the Borrower, indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the fair market value of such assets, as the case may be, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 12, the date of the Supplement hereto executed and delivered by such Guarantor) and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 12, the date of the Supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 2 shall be subrogated to the rights of such Claiming Guarantor under Section 1 to the extent of such payment.

SECTION 3. SUBORDINATION. Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors under Sections 1 and 2 and all other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash of the Obligations. No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 1 and 2 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

SECTION 4. TERMINATION. This Agreement shall survive and be in full force and effect so long as any Obligation is outstanding and has not been indefeasibly paid in full in cash, the L/C Exposure has not been reduced to zero or any of the Commitments under the Credit Agreement have not been terminated, and shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Obligee or any Guarantor upon the bankruptcy or reorganization of the Borrower, any Guarantor or otherwise.

SECTION 5. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. NO WAIVER; AMENDMENT. (a) No failure on the part of the Collateral Agent or any Guarantor to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy by the Collateral Agent or any Guarantor preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law. None of the Collateral Agent and the Guarantors shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such parties.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Borrower, the

Guarantors and the Collateral Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 7. NOTICES. All communications and notices hereunder shall be in writing and given as provided in the Credit Agreement or the Subsidiary Guarantee Agreement, as applicable, and addressed as specified therein.

SECTION 8. BINDING AGREEMENT; ASSIGNMENTS. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the parties that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns. Neither the Borrower nor any Guarantor may assign or transfer any of its rights or obligations hereunder (and any such attempted assignment or transfer shall be void) without the prior written consent of the Required Lenders. Notwithstanding the foregoing, at the time any Guarantor is released from its obligations under the Subsidiary Guarantee Agreement in accordance with such Subsidiary Guarantee Agreement and the Credit Agreement, such Guarantor will cease to have any rights or obligations under this Agreement with respect to any payments made or assets sold after the date of such release.

SECTION 9. SURVIVAL OF AGREEMENT; SEVERABILITY. (a) All covenants and agreements made by the Borrower and each Guarantor herein and in the certificates or other instruments prepared or delivered in connection with this Agreement or the other Credit Documents shall be considered to have been relied upon by the Collateral Agent, the other Obligees and each Guarantor, shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit by the Issuing Bank and shall continue in full force and effect as long as the principal of or any accrued interest on any Loans or any other fee or amount payable under the Credit Agreement, this Agreement or any of the other Credit Documents is outstanding and unpaid, the L/C Exposure does not equal zero or the Commitments have not been terminated.

(b) In case any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, no party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10. COUNTERPARTS. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall be effective with respect to any Guarantor when a counterpart bearing the signature of such Guarantor shall have been delivered to the Collateral Agent. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 11. RULES OF INTERPRETATION. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

SECTION 12. ADDITIONAL SUBSIDIARY GUARANTORS. Pursuant to Section 5.10 of the Credit Agreement, each Domestic Subsidiary that was not in existence on the Second Restatement Closing Date is required to enter into this Agreement as a Subsidiary Guarantor upon becoming such a Subsidiary. Upon execution and delivery, after the date hereof, by the Collateral Agent and such a Subsidiary of an instrument in the form of Annex 1 hereto, such Subsidiary shall become a Subsidiary Guarantor hereunder with the same force and effect as if originally named as a Subsidiary Guarantor hereunder. The execution and delivery of any instrument adding an additional Subsidiary Guarantor as a party to this Agreement shall not require the consent of any Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Subsidiary Guarantor as a party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first appearing above.

CROSS COUNTRY TRAVCORPS, INC.,

by

Name:
Title:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

SCHEDULE I
to the Indemnity, Subrogation
and Contribution Agreement

SUBSIDIARY GUARANTORS

Annex 1 to
the Indemnity, Subrogation and
Contribution Agreement

SUPPLEMENT NO. (this "SUPPLEMENT") dated as of , to the Indemnity, Subrogation and Contribution Agreement dated as of July 29, 1999, (as the same may be amended, supplemented or otherwise modified from time to time, the "INDEMNITY, SUBROGATION AND CONTRIBUTION AGREEMENT"), among CROSS COUNTRY TRAVCORPS, INC., a Delaware corporation (the "BORROWER"), each subsidiary of the Borrower listed on Schedule I thereto (the "SUBSIDIARY GUARANTORS" or, the "GUARANTORS") and CITICORP USA, INC. ("CITICORP"), as collateral agent (the "COLLATERAL AGENT") for the Obligees (as defined in the Credit Agreement referred to below).

A. Reference is made to (a) the Credit Agreement dated as of July 29, 1999, as amended and restated as of December 16, 1999 and March 16, 2001 (as amended, supplemented or otherwise modified from time to time, the "CREDIT Agreement"), among the Borrower, the Lenders (as defined in Article I thereof), Salomon Smith Barney Inc., as arranger (in such capacity, the "ARRANGER"), Citicorp, as administrative agent for the Lenders (in such capacity, the "ADMINISTRATIVE AGENT"), as Collateral Agent, as issuing bank (in such capacity, the "ISSUING BANK") and as swingline lender (in such capacity, the "SWINGLINE LENDER"), Bankers Trust Company, as syndication agent (the "SYNDICATION Agent"), and Wachovia Bank, N.A., as documentation agent (the "DOCUMENTATION AGENT") and (b) the form of Subsidiary Guarantee Agreement annexed to the Credit Agreement as Exhibit G (as amended, supplemented or otherwise modified from time to time, the "SUBSIDIARY GUARANTEE AGREEMENT") and the Collateral Documents referred to in the Credit Agreement.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Indemnity, Subrogation and Contribution Agreement and the Credit Agreement.

C. The Borrower and the Guarantors have entered into the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to make Loans and the Issuing Bank to issue Letters of Credit. Pursuant to Section 5.10 of the Credit Agreement, each Subsidiary, other than a Foreign Subsidiary, that was not in existence or not such a Subsidiary on the Second Restatement Closing Date is required to enter into the Indemnity, Subrogation and Contribution Agreement as a Subsidiary Guarantor upon becoming a Subsidiary. Section 12 of the Indemnity, Subrogation and Contribution Agreement provides that additional Subsidiaries may become Subsidiary Guarantors under the Indemnity, Subrogation and Contribution Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "NEW GUARANTOR") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Subsidiary Guarantor under the Indemnity, Subrogation and Contribution Agreement in order to induce the Lenders to make additional Loans and the Issuing Bank to issue additional Letters of Credit and as consideration for Loans previously made and Letters of Credit previously issued.

Accordingly, the Collateral Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 12 of the Indemnity, Subrogation and Contribution Agreement, the New Guarantor by its signature below becomes a Subsidiary Guarantor under the Indemnity, Subrogation and Contribution Agreement with the same force and effect as if originally named therein as a Subsidiary Guarantor and the New Guarantor hereby agrees to all the terms and provisions of the Indemnity, Subrogation and Contribution Agreement applicable to it as a Subsidiary Guarantor thereunder. Each reference to a "GUARANTOR" in the Indemnity, Subrogation and Contribution Agreement shall be deemed to include the New Guarantor. The Indemnity, Subrogation and Contribution Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Collateral Agent and the other Obligees that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Guarantor and the Collateral Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Indemnity, Subrogation and Contribution Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, neither party hereto shall be required to comply with such provision for so long as such provision is held to be invalid, illegal or unenforceable, but the validity, legality and enforceability of the remaining provisions contained herein and in the Indemnity, Subrogation and Contribution Agreement shall not in any way be affected or impaired. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 7 of the Indemnity, Subrogation and Contribution Agreement. All communications and notices hereunder to the New Guarantor shall be given to it at the address set forth under its signature.

SECTION 8. The New Guarantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

IN WITNESS WHEREOF, the New Guarantor and the Collateral Agent have duly executed this Supplement to the Indemnity, Subrogation and Contribution Agreement as of the day and year first above written.

[NAME OF NEW GUARANTOR],

by

Name:
Title:
Address:

CITICORP USA, INC., as Collateral Agent,

by

Name:
Title:

SCHEDULE I
to Supplement No.___ to the Indemnity,
Subrogation and Contribution Agreement

SUBSIDIARY GUARANTORS

Exhibit 21.1

Subsidiaries of Cross Country, Inc.

Entity	Jurisdiction
TVCM, Inc.	Delaware
Cejka & Company	Delaware
Flex Staff, Inc.	Delaware
CC Staffing, Inc.	Delaware
Cross Country Seminars, Inc.	Delaware
E-Staff, Inc.	Delaware
ClinForce, Inc.	Delaware
CFRC, Inc.	Nevada
Cross Country TravCorps, Inc.	Delaware
Cross Country TravCorps Inc Limited	New Zealand

EXHIBIT 23.1(A)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated May 7, 2001, in the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated July 11, 2001.

/S/ ERNST & YOUNG LLP

West Palm Beach, FL
July 6, 2001

EXHIBIT 23.1(B)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 10, 2000 related to the consolidated financial statements of TravCorps Corporation and Subsidiary, in the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated July 11, 2001.

/S/ ERNST & YOUNG LLP

Boston, Massachusetts
July 6, 2001

EXHIBIT 23.1(C)

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated April 26, 2001 related to the consolidated financial statements of ClinForce, Inc. in the Registration Statement (Form S-1) and related Prospectus of Cross Country, Inc. dated July 11, 2001.

/S/ ERNST & YOUNG LLP

Raleigh, North Carolina
July 6, 2001

EXHIBIT 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated November 5, 1999, except for Note 8 as to which the date is December 16, 1999, relating to the financial statements of Cross Country Staffing, a Partnership, as of July 29, 1999 and December 31, 1998 and for the period from January 1, 1999 through July 29, 1999 and for the year ended December 31, 1998, which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Fort Lauderdale, Florida
July 9, 2001

EXHIBIT 23.3

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Registration Statement of Cross Country Inc. on Form S-1 of our report dated March 12, 1999 related to the consolidated financial statements of TravCorps Corporation and Subsidiary for the year ended December 26, 1998, appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ Deloitte & Touche LLP
Boston, Massachusetts
July 6, 2001