

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) April 12, 2001

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TEAMSTAFF, INC.

-----  
(Exact name of Registrant as specified in charter)

New Jersey

0-18492

22-1899798

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(State or other jurisdic-  
tion of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

300 Atrium Drive, Somerset, N.J.

08873

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(Address of principal executive offices)

(Zip Code)

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

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

- ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.  
 ITEM 5. OTHER EVENTS  
 ITEM 9. REGULATION FD DISCLOSURE

TeamStaff, Inc. ("Teamstaff or the "Company") and BrightLane.com, Inc. ("BrightLane") announced that the parties had complete their due diligence stage of the proposed transaction in which TeamStaff will acquire Brightlane through the merger of a newly formed subsidiary with BrightLane. Under the terms of the Agreement and Plan of Merger entered into on March 6, 2001, TeamStaff will issue to the shareholders of BrightLane approximately 8,066,000 shares of TeamStaff Common Stock.

In a related transaction on April 12, 2001, BrightLane purchased 3,500,000 shares of newly created Series A Convertible Preferred Stock of TeamStaff for a purchase price of \$3,500,000. The preferred stock is convertible at the conversion rate of 70% of the market price of TeamStaff's Common Stock at the time of conversion, provided, however, in no event will BrightLane be entitled to receive more than 1,500,000 shares of TeamStaff Common Stock. The preferred stock may not be converted unless (i) the Agreement and Plan of Merger is terminated or (ii) the transaction is not consummated by September 30, 2001. In the event the acquisition of BrightLane is consummated, the preferred stock will be retired. There are no voting rights related to the preferred stock. The purchase was consummated pursuant to Section 4(2) of the Securities Act of 1933 and/or Regulation D promulgated thereunder

TeamStaff used the proceeds of the purchase in order to prepay approximately \$3,600,000 of debt (including interest and related fees) owed to its primary lender FINOVA Capital Corporation. This early paydown allowed TeamStaff to save approximately \$475,000 in reduced interest and other expenses charged by its financial lender. Under the terms of its agreement with FINOVA Capital Corporation (FINOVA), the Company will save \$325,000 (part of the \$475,000) in fees if it retires all its debt with FINOVA by September 30, 2001. As part of its loan agreement with FINOVA, the Company had incurred a \$500,000 success fee when the Synadyne loan entered its second loan year on April 7, 2001. The Company will take a \$175,000 pre-tax charge to earnings in the third Fiscal quarter to account for the success fee required to be paid prior to retiring the debt. For the quarter, this will only represent an increase in interest expenses of \$50,000 since the Company would have normally been amortizing the \$500,000 fee each quarter. The Company estimates that it will consummate the merger with BrightLane in July, which will allow it to retire all its debt with FINOVA.

The parties have also received fairness opinions from their respective investment banks and are proceeding to prepare and file with the SEC a Joint Proxy Statement/Registration Statement in order to schedule their respective shareholder meetings. The parties anticipate filing the Joint Proxy Statement/Registration Statement for SEC review in late April or early May and expect to complete the acquisition in July 2001.

Consummation of the transaction is subject to normal closing conditions and approval of the shareholders of each party. The parties anticipate holding shareholders' meetings in late July, 2001. In addition, either party may terminate the agreement for material adverse changes in the representations and warranties contained in the agreement.

ITEM 7 FINANCIAL STATEMENTS, PRO FORM FINANCIAL INFORMATION AND EXHIBITS.

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

Not Applicable

(c) Exhibits.

- 3.1 Form of Certificate of Designation of Series A Preferred Stock
- 10.1 Form of Stock Purchase Agreement dated as of April 6, 2001 between TeamStaff, Inc. and BrightLane.com, Inc.
- 10.2 Form of Registration Rights Agreement dated as of April 6, 2001 between TeamStaff, Inc. and BrightLane.com, Inc.
- 10.3 Press Release of TeamStaff, Inc. dated April 16, 2001.

SIGNATURE

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

Dated: April 17, 2001

TEAMSTAFF, INC.  
(Registrant)

By /s/ DONALD KAPPAUF

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Donald Kappauf  
Chief Executive Officer

## TEAMSTAFF INC.

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS AND NUMBER  
OF SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK

Pursuant to Section 14A:7-2 of the New Jersey General Corporation Law, the undersigned President and Secretary, respectively, of TeamStaff Inc., a New Jersey corporation (the "Corporation"), hereby certify that pursuant to authority granted to and vested in the Board of Directors of the Corporation by the provisions of the Certificate of Incorporation and in accordance with the provisions of Section 14A:7-2 of the General Corporation Law of the State of New Jersey, its Board of Directors has duly adopted the following resolutions creating the Series A Convertible Preferred Stock on April 6, 2001:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Corporation's Certificate of Incorporation, a series of preferred stock of the Corporation be, and it hereby is, created out of the 5,000,000 shares of authorized but unissued shares of the preferred stock, par value \$.01 per share, of the Corporation, such series to be designated Series A Convertible Preferred Stock (the "Series A Preferred Stock"), to consist of 3,500,000 shares, par value \$.01 per share of which the preferences and relative and other rights, and the qualifications, limitations or restrictions thereof, shall be (in addition to those set forth in the Corporation's Certificate of Incorporation) as follows:

A. DIVIDENDS. The holders of the Series A Preferred Stock shall be entitled, when and if declared by the Board of Directors, consistent with New Jersey law, to cash dividends and distributions out of funds of the Corporation legally available for that purpose. With respect to the declaration, payment and setting apart of dividends, other than in Common Stock (as defined below), whether of cash, securities of other persons, evidences of indebtedness, assets, Convertible Securities (as defined below), Stock Purchase Rights (as defined below) or rights to acquire any of the above, the holders of Series A Preferred Stock shall be entitled to participate with the Common Stock and receive, before any dividends shall be declared and paid upon or set aside for the Common Stock, the same dividends or distributions, on an as-converted basis, as are proposed to be distributed to the holders of Common Stock. Each share of Series A Preferred Stock shall be treated for purposes of such participation as being equal to the number of shares of Common Stock (which may be a fraction) into which such share could then be converted. The rights of the holders of Series A Preferred Stock with respect to dividends of Common Stock are set forth in Section E(1) of this Certificate. The term "Common Stock" shall mean all shares now or hereafter authorized of any class of Common Stock, par value \$.01 per share, of the Corporation, and any other stock of the Corporation, howsoever designated, authorized after the original issue date of the Series A Preferred Stock, which has the right (subject always to prior rights of any class or series of preferred stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

**B. PREFERENCE ON LIQUIDATION.**

1. Upon the occurrence of any Liquidating Event (as defined below), each holder of Series A Preferred Stock then outstanding shall be entitled to receive (on a pari passu basis), out of the assets of the Corporation available for distribution to its stockholders, before any payment shall be made in respect of the Corporation's Common Stock or other series of preferred stock then in existence that is outstanding and junior to the Series A Preferred Stock, an amount equal to (i) for each share of Series A Preferred Stock then held by such holder, \$1.00 (the "Original Purchase Price"), subject to equitable adjustment for any stock splits, combinations, consolidations, recapitalizations, reorganizations, reclassifications, stock distributions, stock dividends or other similar events with respect to such share, plus all declared but unpaid dividends on such share computed to the date payment thereof is made available (the "Series A Preferential Amount"). After payment of the Series A Preferential Amount, the remaining assets or property distributable upon such liquidation shall be divided pro rata among the holders of the Corporation's Series A Preferred Stock and Common Stock in an amount per share as would have been payable had each share of Series A Preferred Stock been converted to Common Stock pursuant to Section D of this Certificate.

2. Written notice of any such Liquidating Event stating a payment date, the place where such payment shall be made, the amount of each payment in liquidation and the amount of dividends to be paid shall be given by first class mail, postage prepaid, not less than twenty (20) days prior to the payment date stated therein, to each holder of record of the Series A Preferred Stock at such holder's address as shown in the records of the Corporation, provided that any holder of Series A Preferred Stock may convert its shares of Series A Preferred Stock to Common Stock during such period at any time prior to the payment date stated in such notice. If upon the occurrence of a Liquidating Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of the Series A Preferred Stock the full amount to which they shall be entitled, the holders of the Series A Preferred Stock shall share ratably in any distribution of assets according to the amounts that would be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to said shares were paid in full.

3. A "Liquidating Event" shall mean any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary for a price less than \$3.50 per share of Common Stock. For the purposes of this Section B, neither the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or their consideration) of all or substantially all the property or assets of the Corporation or the consolidation or merger of the Corporation with one or more other corporations shall be deemed to be a Liquidating Event, unless such voluntary sale, conveyance, lease, exchange or transfer shall be in connection with a dissolution or winding up of the business of the Corporation.

**C. VOTING.**

Except as otherwise expressly provided herein or as required by law, the Series A Preferred Stock shall be non-voting.

D. CONVERSION RIGHTS.

Each share of Series A Preferred Stock shall be convertible at the option of the holder thereof, at any time after the earlier of (i) any termination of the Agreement and Plan of Merger by and among the Corporation, TeamSub, Inc. and BrightLane.com, Inc. dated as of March 6, 2001, as amended, (the "Merger Agreement") (as contemplated and provided for therein) or (ii) September 30, 2001, into fully paid and nonassessable shares of Common Stock of the Corporation (either such date being the "Eligible Conversion Date"). The number of shares of Common Stock into which each share of the Series A Preferred Stock may be converted shall be determined by dividing the Original Purchase Price by the Conversion Price (determined as hereinafter provided) in effect at the time of the conversion; provided, however, in no event shall the aggregate number of shares of Common Stock issued upon the conversion of all of the Series A Preferred Stock exceed 1,500,000 shares of Common Stock.

1. The Conversion Price of the Series A Preferred Stock, before any adjustment is required pursuant to Section E, shall be equal to \$5.03, the average of the last reported bid and ask price of the Common Stock on the Nasdaq Small Cap Market on April 5, 2001 (the "Conversion Price"); provided, however, if the Merger Agreement is terminated as contemplated and provided for therein, then from and after the moment of such termination, the Conversion Price shall be equal to seventy percent (70%) of the average of the last reported bid and ask price of the Common Stock on the Nasdaq Small Cap Market (or the primary market on which such shares then trade) for the 10 trading days on the last business day preceding a Conversion Date (as defined below).

2. At any time from and after the Eligible Conversion Date of the Series A Preferred Stock, the holder of any shares of Series A Preferred Stock may exercise the right to convert such shares, or any part thereof on any number of occasions. The right of conversion shall be effected by delivering to the Corporation during regular business hours, at the office of any transfer agent of the Corporation for the Series A Preferred Stock, or at the principal office of the Corporation or at such other place as may be designated by the Corporation, the certificate or certificates for the shares to be converted, duly endorsed for transfer to the Corporation or accompanied by a written instrument or instruments of transfer (if required by it), accompanied by written notice stating that the holder elects to convert all or any lesser number of such shares represented by the certificate or certificates. Such notice shall also state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. Conversion shall be deemed to have been effected on the date when such delivery is made, and such date is referred to herein as a "Conversion Date." Immediately thereafter the Corporation shall issue and deliver to such holder, at such office or other place designated by the Corporation, a certificate or certificates for the number of full shares of Common Stock to which such holder is entitled and a check for cash with respect to any fractional interest in a share of Common Stock as provided in Subsection D(3). The holder shall be

deemed to have become a stockholder of record on the applicable Conversion Date. Upon conversion of only a portion of the number of shares of Series A Preferred Stock represented by a certificate surrendered for conversion, the Corporation shall promptly issue and deliver to the holder of the certificate so surrendered for conversion, at the expense of the Corporation, a new certificate representing the number of shares of Series A Preferred Stock not so converted.

3. No fractional shares of Common Stock or scrip shall be issued upon conversion of shares of Series A Preferred Stock. If more than one share of Series A Preferred Stock shall be surrendered for conversion at any one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Series A Preferred Stock so surrendered. Instead of any fractional shares of Common Stock that would otherwise be issuable upon conversion of any shares of Series A Preferred Stock, the Corporation shall pay a cash adjustment in respect of such fractional interest equal to the Fair Market Value of such fractional interest as determined in good faith by the Corporation's Board of Directors based on the average of the last reported bid and ask price of the Common Stock on the Nasdaq Small Cap Market (or the primary market on which such shares then trade) on the last business day preceding the Conversion Date.

4. The Corporation shall pay any and all issue and other taxes that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of Series A Preferred Stock pursuant hereto. The Corporation shall not, however, be required to pay any tax that may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the Series A Preferred Stock so converted was registered, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

5. The Corporation shall at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of effecting the conversion of Series A Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all Series A Preferred Stock from time to time outstanding. The Corporation shall from time to time use its best efforts to obtain necessary director and stockholder approvals, in accordance with the laws of the State of New Jersey, to increase the authorized amount of its Common Stock if at any time the authorized amount of its Common Stock remaining unissued shall not be sufficient to permit the conversion of all of the shares of Series A Preferred Stock at the time outstanding, and shall take all such actions as are necessary to increase such authorized amount of Common Stock upon obtaining such approvals. Before taking any action that would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common Stock issuable upon the conversion of the Series A Preferred Stock, the Corporation will take any corporate action that may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Conversion Price.

6. If the Common Stock issuable upon the conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or stock dividend provided for in Section E(1)), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change.

7. In case of any consolidation or merger of the Corporation with or into another corporation or the sale of all or substantially all of the assets of the Corporation to another corporation, each share of Series A Preferred Stock shall thereafter be convertible into the kind and amount of shares of stock or other securities or property that a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of the Series A Preferred Stock would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment shall be made in the application of the provisions in Section E set forth with respect to the rights and interest thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth in Section E shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

8. If any shares of Common Stock to be reserved for the purpose of conversion of shares of Series A Preferred Stock require registration or listing with, or approval of, any governmental authority, stock exchange or other regulatory body under any federal or state law or regulation or otherwise, before such shares may be validly issued or delivered upon conversion, the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration, listing or approval, as the case may be.

9. All shares of Common Stock that may be issued upon conversion of the shares of Series A Preferred Stock will upon issuance by the Corporation be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

10. In case any shares of Series A Preferred Stock shall be converted pursuant to Section D hereof, the shares so converted shall be cancelled and shall not thereafter be subject to reissuance by the Corporation. The Corporation shall use its best efforts promptly thereafter to amend this Certificate of Incorporation to effect the corresponding reduction in the Corporation's authorized capital stock.

11. The Corporation will not, by amendment of its Certificate of Incorporation (as amended) or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid



the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all of the provisions of this Section D and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred Stock against impairment.

E. ADJUSTMENT OF CONVERSION PRICE. The Conversion Price from time to time in effect shall be subject to adjustment from time to time as follows:

1. Stock Splits, Dividends and Combinations. In case the Corporation shall at any time subdivide the outstanding shares of Common Stock or shall issue a dividend in Common Stock on its outstanding Common Stock without a corresponding adjustment with respect to the Series A Preferred Stock, the Conversion Price in effect immediately prior to such subdivision or the issuance of such dividend shall be proportionately decreased, and in case the Corporation shall at any time combine the outstanding shares of Common Stock into a lesser number of shares of Common Stock without a corresponding adjustment with respect to the Series A Preferred Stock, the Conversion Price in effect immediately prior to such combination shall be proportionately increased, concurrently with the effectiveness of such subdivision, dividend or combination, as the case may be.

2. Noncash Dividends, Stock Purchase Rights, Capital Reorganizations and Dissolutions. In case:

a. the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or any other distribution, other than distributions payable in cash, or subdivisions or combinations of the Corporation's outstanding shares of Common Stock; or

b. the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to subscribe for or purchase any shares of stock of any class or to receive any other rights; or

c. of any capital reorganization of the Corporation, reclassification of the capital stock of the Corporation (other than a subdivision or combination of its outstanding shares of Common Stock), consolidation or merger of the Corporation with or into another corporation, which transaction is not a Liquidating Event, or of the conveyance of all or substantially all of the assets of the Corporation to another corporation, which transaction is not a Liquidating Event;

then, and in any such case, the Corporation shall cause to be mailed to the holders of record of the outstanding Series A Preferred Stock, at least ten (10) days prior to the date hereinafter specified, a notice stating the date on which (i) a record is to be taken for the purpose of such dividend, distribution or rights or (ii) such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up is to take place and the date, if any is to be fixed, as of which holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property

deliverable upon such reclassification, reorganization, consolidation, merger, conveyance, dissolution, liquidation or winding up.

3. Issuances at Less Than the Conversion Price or Market Price. Other than an issuance of Common Stock pursuant to Subsections E(1) or E(6) hereof, if and when following the original issuance of the Series A Preferred Stock, the Corporation issues (including as a dividend) or sells Common Stock, any Stock Purchase Rights (the consideration per share for which shares of Common Stock may at any time thereafter be issuable upon exercise thereof or, in the case of Stock Purchase Rights exercisable for the purchase of Convertible Securities, upon the subsequent conversion or exchange of such Convertible Securities) or any Convertible Securities (the consideration per share for which shares of Common Stock may at any time thereafter be issuable pursuant to the terms of such Convertible Securities) for (x) a consideration per share less than the Conversion Price in effect on the last business day preceding such issue or sale (assuming for this Section that such last business day is the Conversion Date), then immediately upon such issue or sale the Conversion Price shall be reduced as follows:

in the event the consideration per share is less than the Conversion Price set forth in clause (x) above, the Conversion Price determined by dividing (1) the sum of (A) the product derived by multiplying the Conversion Price in effect on the last business day preceding such issue or sale by the number of shares of Common Stock deemed outstanding (including Convertible Securities and Stock Purchase Rights) immediately prior to such issue or sale, plus (B) the consideration, if any, received by the Corporation upon such issue or sale, by (2) the number of shares of Common Stock deemed outstanding (including Convertible Securities and Stock Purchase Rights) immediately after such sale or issuance;

Notwithstanding the foregoing, the Conversion Price shall not be so reduced at such time if the amount of such reduction would be an amount less than \$.001, but any such amount shall be carried forward and deduction with respect thereto made at the time of and together with any subsequent reduction that, together with such amount and any other amount or amounts so carried forward, shall aggregate \$.001 or more.

4. Definitions. For purposes of this Certificate, the following provisions will be applicable:

a. "Convertible Securities" shall mean evidences of indebtedness, shares of stock (including, without limitation, the Series A Preferred Stock) or other securities that are convertible into or exchangeable for, with or without payment of additional consideration, shares of Common Stock;

b. "Stock Purchase Rights" shall mean any warrants, options or other rights to subscribe for, purchase or otherwise acquire any shares of Common Stock or any Convertible Securities; and

c. Convertible Securities and Stock Purchase Rights shall be deemed outstanding and issued or sold at the time of such issue or sale.

5. Determination of Consideration. The consideration actually received by the Corporation for the issuance, sale, grant or assumption of shares of Common Stock, Stock Purchase Rights or Convertible Securities, irrespective of the accounting treatment of such consideration, shall be valued as follows.

a. Cash Payment. In the case of cash, the net amount received by the Corporation after deduction of any accrued interest or dividends and before deducting any expenses paid or incurred and any underwriting commissions or concessions paid or allowed by the Corporation in connection with such issue or sale.

b. Noncash Payment. In the case of consideration other than cash, the value of such consideration, which shall not include the value of any Convertible Securities being converted or exchanged, as determined by the Board of Directors in good faith, after deducting any accrued interest or dividends.

c. Stock Purchase Rights and Convertible Securities. The consideration actually received upon the issuance or sale of any Stock Purchase Rights or Convertible Securities shall be the total consideration, if any, received by the Corporation as consideration for the Stock Purchase Rights or the Convertible Securities, as the case may be, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the exercise of such Stock Purchase Rights or upon the conversion or exchange of such Convertible Securities, as the case may be, in each case after deducting any accrued interest or dividends.

d. Readjustment of Conversion Price. In the event of any change in (i) the consideration, if any, payable upon exercise of any Stock Purchase Rights or upon the conversion or exchange of any Convertible Securities or (ii) the rate at which any Convertible Securities are convertible into or exchangeable for shares of Common Stock, the Conversion Price as computed upon the original issue thereof shall forthwith be readjusted to the Conversion Price that would have been in effect at such time had such Stock Purchase Rights or Convertible Securities provided for such changed purchase price, consideration or conversion rate, as the case may be, at the time initially granted, issued or sold. On the expiration of any Stock Purchase Rights not exercised or of any right to convert or exchange under any Convertible Securities not converted, the Conversion Price then in effect shall forthwith be increased to the Conversion Price that would have been in effect at the time of such expiration had such Stock Purchase Rights or Convertible Securities never been issued. No readjustment of the Conversion Price pursuant

to this paragraph (d) shall (i) increase the Conversion Price by an amount in excess of the adjustment originally made to the Conversion Price in respect of the issue, sale or grant of the applicable Stock Purchase Rights or Convertible Securities or (ii) require any adjustment to the amount paid or number of shares of Common Stock received by any holder of Series A Preferred Stock upon any conversion of any share of Series A Preferred Stock prior to the date upon which such readjustment to the Conversion Price shall occur.

e. Certificate of Adjustment. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section E, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms thereof, and prepare and furnish to each holder of Series A Preferred Stock affected thereby a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon written notice at any time, issue a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other property that at the time would be received upon the conversion of such holder's shares.

6. Exclusions. Anything herein to the contrary notwithstanding, the Corporation shall not be required to make any adjustment of the Conversion Price in the case of (i) the waiver of any such adjustment by the holders of at least a majority of the shares of Series A Preferred Stock; (ii) the issuance of options under the Corporation's Stock Incentive Plan, as amended, to purchase up to such number of shares, or any combination thereof, to employees, officers, directors and/or consultants of the Corporation provided that the sales or issuances are approved by the Corporation's Board of Directors or by a committee thereof, a majority of the members of which are not employees; (iii) the issuance of Common Stock upon conversion of Series A Preferred Stock; or (iv) the issuance of capital stock or the issuance of securities exercisable for or convertible into such capital stock, or any combination thereof, in connection with the acquisition of all or substantially all of the assets or capital stock of another entity or entities approved by the Company's Board of Directors. The issuances or sales described in the preceding clauses (i) through (iv) shall be ignored for purposes of calculating any adjustment to the Conversion Price.

#### F. RESTRICTIONS AND LIMITATIONS.

Except as otherwise required by law, so long as shares of the Series A Preferred Stock remain outstanding (as adjusted for any combinations, consolidations, recapitalizations, stock splits, stock dividends and the like), the Corporation shall not, without the vote or written consent by the holders of at least a majority of the outstanding shares of such Series A Preferred Stock:

1. amend or modify the Certificate of Incorporation as amended and restated or Bylaws of the Corporation in any way that materially and adversely alters or changes the rights, powers, preferences or privileges of any series of the Series A Preferred Stock;

2. authorize or issue any new or existing class or classes or series of capital stock having any preference or priority as to dividends or amounts distributable upon dissolution, liquidation or winding up of the Corporation equal to or superior to any such preference or priority of the Series A Preferred Stock, or authorize or issue shares of stock of any class or any bonds, debentures, notes or other obligations convertible into or exchangeable for, or having option rights to purchase, any shares of stock of the Corporation having any preference or priority as to dividends or amounts distributable upon dissolution, liquidation or winding up of the Corporation equal to or superior to any such preference or priority of the Series A Preferred Stock;

3. voluntarily or involuntarily liquidate, dissolve or wind up the Corporation or its business;

4. merge or consolidate into or with any other entity in a transaction or series of transactions resulting in a transfer of more than fifty percent (50%) of the voting power of the Corporation, or sell, convey, transfer or otherwise dispose of all or substantially all of the Corporation's assets;

5. pay or declare any dividend or distribution on any shares of its capital stock (other than the Series A Preferred Stock), or apply any of its assets to the redemption, retirement, purchase or acquisition, directly or indirectly, through subsidiaries or otherwise, of any shares of its capital stock, except for Board-approved repurchases of shares from former employees upon termination of employment; or

6. amend the Corporation's Stock Incentive Plan as amended to increase the number of shares of Common Stock reserved for issuance thereunder in excess of those shares reserved as of the date hereof.

G. EXTINGUISH SERIES A PREFERRED STOCK.

Except as may otherwise be required by law, if at any time after the original issue date of the shares of Series A Preferred Stock, the Corporation shall become the sole beneficial owner of all of the outstanding shares of Series A Preferred Stock, then the shares of Series A Preferred Stock shall automatically extinguish.

H. EXCLUSION OF OTHER RIGHTS.

Except as may otherwise be required by law, the shares of Series A Preferred Stock shall not have any preferences or relative, participating, optional or other special rights, other than those specifically set forth in this resolution (as such resolution may be amended from time to time) and in the Corporation's Certificate of Incorporation, as amended.

I. HEADINGS OF SUBDIVISIONS.

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

J. SEVERABILITY OF PROVISIONS.

If any right, preference or limitation of the Series A Preferred Stock set forth in this resolution (as such resolution may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other rights, preferences and limitations set forth in this resolution (as so amended) which can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall, nevertheless, remain in full force and effect, and no right, preference or limitation herein set forth shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

IN WITNESS WHEREOF, this Certificate has been made under the seal of the Corporation and the hands of the undersigned on April \_\_, 2001.

-----  
Name: Donald Kappauf  
Title: Chief Executive Officer

Attest:

-----  
Name: Donald Kelly  
Title: Secretary

TEAMSTAFF, INC.

SERIES A CONVERTIBLE PREFERRED STOCK

PURCHASE AGREEMENT

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## TEAMSTAFF, INC.

## SERIES A CONVERTIBLE PREFERRED STOCK PURCHASE AGREEMENT

This Series A Convertible Preferred Stock Purchase Agreement (the "AGREEMENT") is entered into as of the \_\_\_ day of April 2001, by and among TeamStaff, Inc., a New Jersey corporation (the "COMPANY"), and BrightLane, Inc. (the "PURCHASER").

WHEREAS, the Purchaser, the Company and TeamSub, Inc., a Georgia corporation that is a wholly-owned subsidiary of the Company ("TEAMSUB"), are parties to that certain Agreement and Plan of Merger dated as of March 6, 2001, as amended (the "MERGER AGREEMENT"), wherein the Purchaser will merge with and into TeamSub and become a wholly-owned subsidiary of the Company.

WHEREAS, the Company desires to enter into this Agreement with the Purchaser to raise additional capital through the sale and issuance of shares of its preferred stock to the Purchaser;

WHEREAS, the Purchaser desires to enter into this Agreement to acquire shares of preferred stock of the Company on the terms and conditions set forth herein; and

WHEREAS, as a material inducement to Purchaser to invest in the Company, Purchaser is relying on the representations and warranties of the Company set forth herein;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement, the parties to this Agreement mutually agree as follows:

1. Authorization and Sale of Series A Convertible Preferred Stock.

1.1 Authorization. The Company has authorized the issuance and sale of up to an aggregate of 3,500,000 shares of its Series A Convertible Preferred Stock, par value of \$.01 per share (the "SHARES"), having the rights, powers, preferences, privileges and restrictions set forth in the Company's Certificate of Designations, Preferences, Rights and Number of Shares of Series A Convertible Preferred Stock a copy of which is attached hereto as Exhibit A (the "ARTICLES").

1.2 Sale Subject to the terms and conditions of this Agreement, the Purchaser agrees to purchase from the Company, and the Company agrees to sell and issue to such Purchaser the Shares for the aggregate purchase price of \$3,500,000.

1.3 Holding Period In no event shall Purchaser sell, transfer, pledge, hypothecate or assign in any manner any Shares prior to the earlier of (i) September 30, 2001 or (ii) the termination of the Merger Agreement (as provided for therein). Any such sale, transfer,

pledge, hypothecation or assignment in any manner any Shares by Purchaser prior to the earlier of (i) September 30, 2001 or (ii) the termination of the Merger Agreement (as provided for therein) shall be void. Thereafter, Purchaser may sell, transfer, pledge, hypothecate or assign any Shares as allowed by and in accordance with applicable securities laws.

## 2 Closing; Delivery.

2.1 Closing. The closing of the purchase and sale of up to an aggregate of 3,500,000 Shares (the "CLOSING"), shall take place at the offices of Morris, Manning & Martin, LLP, 1600 Atlanta Financial Center, 3343 Peachtree Road, NE, Atlanta, Georgia 30326, or at such other place or date as the Parties may agree in writing.

2.2 Delivery. At the Closing, subject to the terms and conditions hereof, the Company will deliver to the Purchasers certificates, in such denominations as the Purchaser may designate by notice to the Company, representing the Shares, dated the date of the Closing, against payment of the purchase price therefor by wire transfer, cancellation of indebtedness, a check or checks made payable to the order of the Company, or any combination of the above or by such other means as shall be mutually agreeable to the Purchasers and the Company.

3 Representations and Warranties of the Company. Subject to and except as disclosed by the Company in the Disclosure Schedule attached hereto as Exhibit B and incorporated herein by reference (the "DISCLOSURE SCHEDULE"), the Company represents and warrants to the Purchasers as follows:

3.1 Representations and Warranties from the Merger Agreement. The Company acknowledges that it has reviewed the representations and warranties set forth in Article 3 of the Merger Agreement, including the TeamStaff Disclosure Schedule relating thereto. The Company hereby represents and warrants that the following representations and warranties from Article 3 of the Merger Agreement, and the relating disclosures set forth on the TeamStaff Disclosure Schedule, which are incorporated herein by this reference and made a part hereof, remain true and correct in all respects as of the date hereof as they relate to the Company only (and not including those representations, warranties and TeamStaff Disclosure Schedule statements relating to TeamSub): 3.1 (Organization and Qualification of TeamStaff and TeamSub); 3.2 (Subsidiaries); 3.7 (Capitalization of TeamStaff and TeamSub); 3.8 (Title to Assets); 3.9 (SEC Documents: Financial Statements)(subject to the letter dated April 5, 2001 to the Company from the Securities and Exchange Commission regarding 10-K and 10-Q comments); 3.11 (No Material Adverse Changes); 3.12 (Absence of Undisclosed Liabilities); 3.13 (Compliance); 3.14 (Litigation); 3.15 (Tax Matters); 3.16 (Employees); 3.17 (Employee Benefit Plans); 3.18 (Contracts); 3.19 (Environment, Health and Safety); 3.20 (Real Property Interests); 3.21 (Intellectual Property); 3.22 (Tangible Assets); 3.23 (Notes and Accounts Receivable); 3.28 (Transactions with Affiliates); and 3.29 (Insurance). 3.2 Authorization. All corporate action on the part of the Company and its officers, directors and shareholders necessary for the authorization, execution and delivery by the Company of this Agreement and the Registration Rights Agreement (as defined below), the performance of all the Company's

obligations hereunder and thereunder, and the authorization, issuance, sale and delivery of the Shares and the Common Stock issuable upon conversion thereof (the "UNDERLYING COMMON STOCK") has been taken or will be taken prior to the Closing. This Agreement and the Registration Rights Agreement, when executed and delivered by the Company and the parties hereto and thereto, shall constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors, and rules and laws governing specific performance, injunctive relief and other equitable remedies.

3.3 Validity of the Shares. The sale of the Shares and the subsequent conversion of the Shares into the Underlying Common Stock are not and will not be subject to any preemptive rights, rights of first refusal or other preferential rights that have not been waived, and the Shares when issued, sold and delivered in accordance with the terms of this Agreement and the Underlying Common Stock when issued upon conversion of the Shares in accordance with the Articles will be validly issued, fully paid and nonassessable and will be free of any liens or encumbrances (other than those created by the Purchaser); provided, however, that the Shares and the Underlying Common Stock may be subject to restrictions on transfer under state and/or federal securities laws.

3.4 Compliance with Other Instruments. The Company is not in violation of any provisions of its Articles or its Bylaws, as amended and in effect on and as of the Closing, or of any provisions of any material agreement or any judgment, decree or order by which it is bound or any statute, rule or regulation applicable to the Company. The execution, delivery and performance of this Agreement and the Registration Rights Agreement, and the issuance and sale of the Shares pursuant hereto and the Underlying Common Stock pursuant to the Articles, will not result in any such violation or be in conflict with or constitute a default under any such provisions, result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company, or require the consent of, or any prior filing with or notice to, any third party.

3.5 Governmental Consents. All consents, approvals, orders or authorization of, or registrations, qualifications, designations, declarations or filings with any federal or state governmental authority on the part of the Company required in connection with the valid execution and delivery of this Agreement and the Registration Rights Agreement, the offer, sale or issuance of the Shares and the Underlying Common Stock, or the consummation of any other transaction contemplated hereby have been obtained, or will be obtained prior to the Closing, except for notices required to be filed with certain state and federal securities commissions after the Closing, which notices will be filed on a timely basis.

3.6 Offering. Assuming the accuracy of the representations and warranties of the Purchaser contained in Section 4 hereof, the offer, issuance and sale of the Shares are and will be exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "1933 ACT"), and have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

3.7 Finders' Fees. The Company (i) represents and warrants that it has retained no finder or broker in connection with the transactions contemplated by this Agreement and (ii) hereby agrees to indemnify and to hold the Purchaser harmless from any liability for any commission or compensation in the nature of a finder's fee to any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its employees or representatives is responsible.

3.8 Registration Rights. Except as provided in the Registration Rights Agreement, the Company is not under any obligation to register (as defined in the Registration Rights Agreement) any of its presently outstanding securities or any of its securities that may hereafter be issued; provided, however, certain former shareholders of HR2, Inc. have piggyback registration rights on certain outstanding securities.

3.9 Disclosure. The representations and warranties made by the Company in this Agreement, together with any financial statements, certificates, schedules or exhibits prepared and furnished or to be prepared pursuant hereto do not contain and will not contain any untrue statement of material fact, and do not omit and will not omit to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were furnished, when considered as a whole in relation to all the disclosures made by the Company to the Purchasers. There is no event, fact or condition known to the Company and specifically relating to the Company that has had, or that reasonably would be expected to have, a material adverse effect on the Company that has not been set forth in this Agreement or the Disclosure Schedule.

4 Representations and Warranties of the Purchasers. Each Purchaser hereby represents and warrants to the Company as follows:

4.1 Power and Authority. The Purchaser has the requisite power and authority to enter into this Agreement, to purchase the Shares subject to all of the terms of the Articles hereunder, and to carry out and perform its obligations under the terms of this Agreement.

4.2 Due Execution. This Agreement has been duly authorized, executed and delivered by the Purchaser, and, upon due execution and delivery by the Company, this Agreement will be a valid and legally binding obligation of the Purchaser, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors, and rules and laws governing specific performance, injunctive relief and other equitable remedies.

4.3 Investment Representations.

(a) This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by its acceptance hereof the Purchaser hereby confirms, that the Shares, and any Underlying Common Stock to be received by it will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of selling, granting participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that it does not have any contract, undertaking, agreement, or arrangement with

any person to sell, transfer or grant participations to such person, or to any third person, with respect to any of the Shares or any Underlying Common Stock.

(b) The Purchaser understands that the Shares and the Underlying Common Stock have not been registered under the 1933 Act on the grounds that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act, and that the Company's reliance on such exemption is predicated in part on the Purchaser's representations set forth herein. The Purchaser realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Purchaser has in mind merely acquiring the Shares for a fixed or determined period in the future, or for a market rise, or for sale if the market does not rise. The Purchaser does not have any such intention.

(c) The Purchaser represents that it is able to fend for itself in the transactions contemplated by this Agreement, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to bear the economic risks of its investment. The Purchaser is an "accredited investor" within the meaning of Rule 501 under the 1933 Act and was not organized for the specific purpose of acquiring the Shares.

(d) The Purchaser understands that the Shares and the Underlying Common Stock may not be sold, transferred or otherwise disposed of without registration under the 1933 Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Shares (or the Underlying Common Stock) or an available exemption from registration under the 1933 Act, the Shares (and the Underlying Common Stock) must be held indefinitely. In particular, the Purchaser is aware that the Shares (and the Underlying Common Stock) may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of that Rule are met.

(e) Purchaser understands that each certificate representing the Shares and the Underlying Common Stock will be endorsed with a legend substantially as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO THE COMPANY AS TO THE AVAILABILITY OF AN EXEMPTION FROM THE

REGISTRATION PROVISIONS OF THE SECURITIES ACT OF 1933, AS  
AMENDED, AND APPLICABLE STATE SECURITIES LAWS.

4.4 Government Consents. No consent, approval or authorization of or designation, declaration or filing with any state, federal, or foreign governmental authority on the part of the Purchaser because of any special characteristic of such Purchaser is required in connection with the valid execution and delivery of this Agreement or the Rights Agreement.

4.5 Finders' Fees. The Purchaser (i) represents and warrants that it has retained no finder or broker in connection with the transactions contemplated by this Agreement, and (ii) hereby agrees to indemnify and to hold the Company and any other Purchaser, should such additional Purchaser be included by the Company, harmless of and from any liability for any commission or compensation in the nature of a finder's fee to any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which such Purchaser or any of its employees or representatives are responsible.

5 Conditions to Purchaser's Obligations at Closing. The obligations of the Purchasers to purchase the Shares at any Closing (except as noted below) are subject to the fulfillment on or before such Closing of each of the following conditions.

5.1 Representations and Warranties. The representations and warranties of the Company contained in Section 3 shall be true and correct in all material respects on and as of any Closing hereunder with the same force and effect as if they had been made at such Closing.

5.2 Performance. The Company shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by it on or before such Closing hereunder.

5.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required prior to and in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall have been duly obtained and shall be effective on and as of any Closing hereunder, except for notices required to be filed with certain state and federal securities commissions after the Closing.

5.4 Certificate. The Company shall have duly filed with the Secretary of State of the State of New Jersey the Articles, which shall be in full force and effect.

5.5 Bylaws. The Company's Bylaws shall be in form and substance reasonably satisfactory to Purchasers and their counsel.

5.6 Legal Investment. At the time of any Closing hereunder, the purchase of the Shares by the Purchasers hereunder shall be legally permitted by all laws and regulations to which they or the Company are subject.



5.7 Opinion of the Company's Counsel. The Purchasers shall have received from counsel to the Company an opinion letter substantially in the form attached hereto as Exhibit C, addressed to them, dated the date of any Closing hereunder.

5.8 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at any Closing hereunder and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Purchasers and their counsel, and the Purchasers and their counsel shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.

5.9 Registration Rights Agreement. The Company shall have executed and delivered a registration rights agreement substantially in the form attached hereto as Exhibit D (the "Registration Rights Agreement").

5.10 Secretary's Certificate. There shall have been delivered to the Purchasers a certificate, dated as of any Closing hereunder, signed by the Company's Secretary or an Assistant Secretary and in form and substance satisfactory to the Purchasers, that shall certify (i) the names of its officers authorized to sign this Agreement, the certificates for purchased Shares and the other documents, instruments or certificates to be delivered pursuant to this Agreement by the Company or any of its officers, together with true signatures of such officers; (ii) that the copy of the Articles attached thereto is true, correct and complete; (iii) that the copy of the Bylaws attached thereto is true, correct and complete; and (iv) that the copy of Board of Directors' resolutions attached thereto evidencing the approval of this Agreement, the issuance of the purchased Shares and the other matters contemplated hereby were duly adopted and are in full force and.

5.11 Certificate of Good Standing. There shall have been delivered to the Purchasers a Certificate of Good Standing for the Company from the Secretary of State of the State of New Jersey, dated within thirty (30) days of the Closing hereunder.

6 Conditions to the Company's Obligations at Closing. The obligations of the Company to issue and sell the Shares at any Closing hereunder are subject to the fulfillment on or before the Closing of each of the following conditions.

6.1 Representations and Warranties. The representations and warranties made by the Purchaser in Section 4 shall be true and correct on and as of any Closing hereunder with the same force and effect as if they had been made at such Closing.

6.2 Performance. The Purchaser shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by them on or before any Closing hereunder.

6.3 Qualifications. All authorizations, approvals or permits, if any, to be obtained from any governmental authority or regulatory body of the United States or of any state that are required prior to and in connection with the lawful issuance and sale of the Shares

pursuant to this Agreement shall have been duly obtained and shall be effective on and as of any Closing hereunder.

6.4 Legal Investment. At the time of any Closing hereunder, the purchase of the Shares by the Purchaser hereunder shall be legally permitted by all laws and regulations to which they or the Company are subject.

6.5 Articles. The Secretary of State of the State of New Jersey shall have accepted the Articles for filing, and they shall be in full force and effect at any Closing hereunder.

6.6 Investor Rights Agreement. The Purchasers shall execute and deliver a Registration Rights Agreement in substantially the form attached hereto as Exhibit D.

## 7 Miscellaneous.

7.1 Indemnification. Each party hereto shall indemnify and hold the other party harmless from and against any and all losses, claims, damages, expenses or liabilities (including, without limitation, the costs of any investigation or suit and counsel fees related thereto) asserted against, imposed upon or incurred by such other party resulting from a material breach by the indemnifying party of any of its representations, warranties or covenants made in this Agreement or from any material misrepresentation in or omission of a material fact that, in light of the circumstances under which it is made, is required to make any representation made in this Agreement, or any certificate to be furnished pursuant to this Agreement, not misleading. Promptly after receipt by an indemnitee (hereinafter an "INDEMNITEE") of notice of any complaint or the commencement of any action or proceeding with respect to which indemnification is being sought hereunder, the Indemnitee will notify the Company in writing of such complaint or of the commencement of such action or proceeding, but failure so to notify the Company will not relieve the Company from any liability which the Company may have hereunder or otherwise, except to the extent that such failure materially prejudices the Company's rights. If the Company so elects or is requested by the Indemnitee, the Company will assume the defense of such action or proceeding, including the employment of counsel reasonably satisfactory to the Indemnitee and the payment of the fees and disbursements of such counsel, and in such event the Indemnitee will cooperate in connection therewith as reasonably requested by the Company (subject to the expenses of the Indemnitee being reimbursed by the Company as provided above). If legal counsel to Indemnitee determines that having common counsel would present such counsel with a conflict of interest or if the Company fails to assume the defense of the action or proceeding in a timely manner, then the Indemnitee may employ separate counsel reasonably acceptable to the Company to represent or defend it in any such action or proceeding and the Company will pay the reasonable fees and disbursements of such counsel. In any action or proceeding the defense of which the Company assumes, the Indemnitee will have the right to participate in such litigation and to retain its own counsel at the Indemnitee's own expense.

7.2 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties, and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as

specifically set forth herein or therein. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any third party any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.3 Survival of Representations and Warranties. All agreements, representations, and warranties contained herein shall survive the execution and delivery of this Agreement and the closing of the transactions contemplated hereby for a period of twenty-four (24) months.

7.4 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to its conflicts of law provisions.

7.5 Counterparts. This Agreement may be executed in two or more counterparts, including by fax, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.6 Headings. The headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.7 Notices. Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (i) upon personal delivery or delivery by nationally recognized overnight courier service, (ii) three (3) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid, or (iii) upon transmission if sent by confirmed telecopy, addressed at:

If to the Company:

TeamStaff, Inc.  
300 Atrium Drive  
Somerset, NJ 08873  
Attn: Donald Kappauf

With copies to:

Goldstein & DiGioia LLP  
369 Lexington Avenue, 18th Floor  
New York, NY 10017  
Attn: Brian C. Daughney, Esq.

If to the Purchaser:

BrightLane.com, Inc.  
Suite 200  
3650 Mansell Road

Alpharetta, GA 30022  
Attn: Vince Brannon

With copies to:

Morris, Manning & Martin, L.L.P.

1600 Atlanta Financial Center  
3343 Peachtree Road N.E.  
Atlanta, Georgia 30326  
Facsimile No.: (404) 365-9532  
Attn: Oby T. Brewer, Esq.

7.8 Attorneys' Fees. Should any litigation or arbitration be commenced between the parties hereto concerning this Agreement, the party prevailing in such litigation or arbitration shall be entitled, in addition to such other relief as may be granted, to a reasonable sum for attorneys' fees and costs in such litigation or arbitration, which fees and costs shall be determined by the court or arbitrator, as the case may be.

7.9 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, it shall to the extent practicable, be modified so as to make it valid, legal and enforceable and to retain as nearly as practicable the intent of the parties, and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7.10 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to the Company or any Purchaser or any subsequent holder of any Shares upon any breach, default or noncompliance of any Purchaser, any subsequent holder of any Shares or the Company under this Agreement or under the Articles, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on the part of the Company or the Purchaser of any breach, default or noncompliance under this Agreement or under the Articles or any waiver on the Company's or the Purchasers' part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing and that all remedies, either under this Agreement or the Articles, by law, or otherwise afforded to the Company and the Purchaser, shall be cumulative and not alternative.

7.11 Amendments and Waivers. Except as otherwise expressly provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) with the written consent of the Company and the Purchaser (or their transferees).

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Stock Purchase Agreement as of the date first above written.

COMPANY:

TEAMSTAFF, INC.

By:

-----  
Name:

-----  
Title:

PURCHASER:

BRIGHTLANE.COM, INC.

By:

-----  
Name:

-----  
Title:

## REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "AGREEMENT"), dated as of April 5, 2001 (the "CLOSING DATE"), is made by and among TEAMSTAFF INC., a New Jersey corporation (the "COMPANY") and BRIGHTLANE.COM, INC., a Georgia corporation (the "PURCHASER").

## RECITALS

A. The Purchaser, the Company and TeamSub, Inc., a Georgia corporation that is a wholly-owned subsidiary of the Company ("TEAMSUB"), are parties to that certain Agreement and Plan of Merger dated as of March 6, 2001, as amended (the "MERGER AGREEMENT"), wherein the Purchaser will merge with and into TeamSub and become a wholly-owned subsidiary of the Company.

B. In connection with the Series A Preferred Stock Purchase Agreement by and among the parties hereto of even date herewith (the "PURCHASE AGREEMENT"), the Company has agreed, upon the terms and subject to the conditions of the Purchase Agreement, to issue and sell to the Purchasers and the Purchasers have agreed to purchase from the Company an aggregate of 3,500,000 shares of the Company's Series A Convertible Preferred Stock, par value \$0.01 per share (the "SERIES A PREFERRED STOCK"), which are convertible into shares of the Company's common stock, par value \$0.01 per share (the "COMMON STOCK"), in accordance with the terms of the Certificate of Designations, Preferences, Rights and Number of Shares of Series A Convertible Preferred Stock authorizing, creating and designating the Series A Preferred Stock (the "CERTIFICATE OF DESIGNATION").

C. To induce the Purchaser to execute and deliver the Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, or any similar successor statute (collectively, the "SECURITIES ACT"), and applicable state securities laws.

NOW, THEREFOR, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Purchaser hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

a. "INVESTOR" means the Purchaser and any transferee or assignee thereof about whom the Purchaser provides notice to the Company in accordance with Section 9 herein and to whom a Purchaser assigns its rights under this Agreement and who agrees in writing to become bound by the provisions of this Agreement in accordance with Section 9 herein and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees in writing to become bound by the provisions of this Agreement in accordance with Section 9 herein. Any Person shall no longer be an Investor if such Person no longer holds Registrable Securities or Series A Preferred Stock.

b. "PERSON" means a corporation, a limited liability company, an association, a partnership, an organization, a business, an individual, a governmental or political subdivision thereof or a governmental agency.

c. "REGISTER," "REGISTERED," and "REGISTRATION" refer to a registration effected by preparing and filing one or more Registration Statements (as defined below) in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous or delayed basis ("RULE 415"), and the declaration or ordering of effectiveness of such Registration Statement(s) by the United States Securities and Exchange Commission (the "SEC").

d. "REGISTRABLE SECURITIES" means (i) the shares of Common Stock issued or issuable upon conversion of the Series A Preferred Stock (such Common Stock is referred to collectively as the "CONVERSION SHARES") and (ii) any shares of capital stock issued or issuable with respect to the Conversion Shares, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitations on conversions of the Series A Preferred Stock. For the purposes of this Agreement, Registrable Securities will cease to be Registrable Securities, when (i) the Registration Period (as defined below) is over, (ii) when they are sold pursuant to a Registration Statement, or (iii) the Registrable Securities are proposed to be sold or distributed by a Person not entitled to the registration rights granted by this Agreement.

e. "REGISTRATION STATEMENT" means a registration statement or registration statements of the Company filed under the Securities Act covering the Registrable Securities.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Purchase Agreement and its exhibits, schedules and attachments.

## 2. Registration.

a. Mandatory Registration. Provided the Series A Preferred Stock is outstanding, upon the earlier of: (i) the termination of the Merger Agreement (as defined therein); or (ii) September 30, 2001 (the "FILING DEADLINE"), the Company shall immediately prepare and file with the SEC a Registration Statement or Registration Statements (as necessary) on Form S-1, Form S-2 or Form S-3 covering the resale of the Registrable Securities as provided for in this Section 2a. The initial Registration Statement filed hereunder shall cover not less than that number of shares of the Company's Common Stock representing 19.9% of the total. In the event that the Company files a Registration Statement hereunder on Form S-3 and Form S-3 thereafter becomes unavailable for such registration, the Company shall immediately file another registration statement (or if permissible convert such existing registration statement on Form S-3) on such other form as is available for such a registration, subject to the provisions of Section 2d. The Company shall use its best efforts to cause any Registration Statement filed hereunder to be declared effective by the SEC as soon as practicable after the filing thereof but in no event later than the date which is seventy-five (75) days after the Filing Date (the "EFFECTIVENESS DEADLINE"). Notwithstanding any other provision herein, the Company shall have no liability



hereunder for its failure to file with the SEC a Registration Statement by the Filing Deadline, or to cause such Registration Statement to be declared effective by the SEC by the Effectiveness Deadline, in the event the failure to file a Registration Statement or to cause the effectiveness of such Registration Statement, on or before such respective dates arises from the action or inaction of any Investor, including any Investor's failure to comply with its obligation pursuant to Section 5 herein (an "INVESTOR DELAY").

b. Allocation of Registrable Securities. In the event that the Purchaser sells or otherwise transfers any Registrable Securities to another party who becomes an Investor, each transferee Investor shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor Investor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors that are covered by such Registration Statement.

c. Legal Counsel. Subject to Section 6 hereof, the Purchaser shall have the right to select one legal counsel ("LEGAL COUNSEL") to review and, if applicable, comment on, the Registration Statement and any amendments thereto pursuant to this Section 2. The Company shall reasonably cooperate with Legal Counsel in connection with its review of the Registration Statement.

d. Ineligibility for Form S-3. In the event that Form S-3 is not available for any registration of Registrable Securities hereunder, the Company shall (i) register the sale of the Registrable Securities on another appropriate form that is reasonably acceptable to the Purchaser and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

e. Sufficient Number of Shares Registered. In the event the number of shares available under a Registration Statement filed pursuant to Section 2a is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement, the Company shall amend the Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover 100% of the number of such Registrable Securities as of the trading day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than forty-five (45) days after the necessity therefor arises. The Company shall use its best efforts to cause such amendment and/or new Registration Statement to become effective as soon as reasonably practicable following the filing thereof. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of Registrable Securities covered by such Registration Statement is greater than the number of shares of Common Stock available for resale under such Registration Statement. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on the conversion of the Series A Preferred Stock and such calculation shall assume that the Series A Preferred Stock

are then convertible into shares of Common Stock at the then prevailing Conversion Price (as defined in the Certificate of Designation).

f. Incidental or "Piggyback" Registration. If prior to the Filing Deadline the Company proposes to file a Registration Statement under the Securities Act with respect to an offering of Common Stock by the Company for its own account (other than a Registration Statement on Form S-4 or S-8 or any successor thereto) or for the account of any stockholder of the Company (an "INCIDENTAL REGISTRATION"), then the Company shall give written notice of such proposed filing to the Purchaser at least twenty (20) days before the anticipated filing date, and such notice shall describe the proposed registration and distribution and offer the Purchaser the opportunity to register the number of Registrable Securities that it may request. The Company shall use its reasonable best efforts (within twenty (20) days of the notice provided for in the preceding sentence) to cause the managing underwriter or underwriters in the case of a proposed firm commitment underwritten offering (the "UNDERWRITER") to permit the Purchaser to participate in the Incidental Registration to include its Registrable Securities in such offering on the same terms and conditions as the securities of the Company or the account of such other stockholder, as the case may be, included therein. In connection with any Incidental Registration under this Section 2f involving an underwritten offering, the Company shall not be required to include any Registrable Securities in such underwritten offering unless the Purchaser accepts the terms of the underwritten offering as agreed upon between the Company, such other stockholders, if any, and the Underwriter, and then only in such quantity as the Underwriter believes will not jeopardize the success of the offering by the Company. If the Underwriter determines that the registration of all or part of the Registrable Securities which the Investors have requested to be included would materially adversely affect the success of such offering, then the Company shall be required to include in such Incidental Registration, to the extent of the amount that the Underwriter believes may be sold without causing such adverse effect: first, all of the securities to be offered for the account of the Company; second, to the Registrable Securities to be offered for the account of the Purchaser pursuant to this Section 2f; and third, any other securities requested to be included in such offering. Notwithstanding anything herein to the contrary, no holder of Registrable Securities may participate in any underwritten registration hereunder unless such holder (i) agrees to enter into an underwriting agreement in customary form with the Underwriter or Underwriters and (ii) accurately completes and executes in a timely manner all questionnaires, powers of attorney, indemnities, custody agreements, underwriting agreements, lock-up agreements and other documents reasonably required under the terms of such underwriting agreements.

g. Liquidated Damages. The Company acknowledges that it is of paramount importance to the Purchaser that any Investor is able to sell Registrable Securities immediately following the time period specified herein for effectiveness of a Registration Statement. Therefore, the Company agrees that if, other than as a result of an Investor Delay, a Registration Statement covering all of the Registrable Securities has not been declared effective by the SEC on or prior to the Effectiveness Deadline, then the Company shall pay the Purchaser, as liquidated damages and not as a penalty, an amount ("LIQUIDATED DAMAGES") equal to: (i) \$100,000 if the Registration Statement is declared effective within thirty (30) days after the Effectiveness Deadline; (ii) an additional \$150,000 if the Registration Statement is declared effective between thirty (30) and sixty (60) days after the Effectiveness Deadline; and (iii) an

additional \$400,000 if the Registration Statement is declared effective more than sixty (60) days after the Effectiveness Deadline. All Liquidated Damages that accrue hereunder shall be paid in cash to the Purchaser on the date that is the earlier of fifteen (15) days after the date the Registration is Declared effective or sixty (60) days after the Effectiveness Deadline. The foregoing shall not be the exclusive remedy of the Purchaser in the event of a breach by the Company of this Section 2g and the Purchaser and any other Investor shall have all other remedies available to them in equity or at law.

h. Underwritten Offering.

(i) Timing of Demand Registrations. At any time after the effective date of Registration Statement filed pursuant to Section 2a hereof, the Purchaser, may request that the Company amend or convert the Registration for the purpose of selling all or any portion of the Registrable Securities through a firm commitment underwritten offering (a "DEMAND REGISTRATION").

Upon receipt of a valid Demand Registration, the Company shall (i) if required by the Securities Act and all relevant securities laws, rules and regulations, file a post-effective amendment to the relevant Registration Statement regarding the Registrable Securities, or such other registration statements or filings as necessary to effect a Demand Registration, (ii) within ten (10) Business Days give written notice to all holders of Registrable Securities (other than the Purchaser) that they may exercise their piggyback rights pursuant to Section 2f hereof, with respect to such registration, and (iii) within ten (10) Business Days give written notice to all holders of Common Stock (other than the Purchaser) or other securities convertible or exercisable into Common Stock who hold piggyback rights. Subject to this Section 2h, the Company shall thereafter use its reasonable best efforts to effect the registration under the Securities Act of all Registrable Securities requested to be included in such registration pursuant to the request for Demand Registration and pursuant to notices that the Company receives, within twenty (20) days after the date of its written notice, from Investors and other holders of Common Stock or other securities convertible or exercisable into Common Stock, that desire to exercise their piggyback rights.

(ii) Underwriter's Cutback. The Company may, and may allow other holders of securities of the Company to, include securities in a Demand Registration if, but only if, the managing underwriter concludes that such inclusion will not interfere with the successful marketing of all the Registrable Securities requested to be included in such Demand Registration. If, in the good faith judgment of the managing underwriter, marketing factors require a limitation of the number of Registrable Securities to be underwritten, the number of shares of Registrable Securities to be included in such Demand Registration shall be reduced in the following order until such inclusion, in the good faith judgment of the managing underwriter, will not interfere with the successful marketing of the remaining Registrable Securities: first, all securities that are not contractually entitled to be included in such Demand Registration shall be excluded; second, all securities that are entitled to be included in such Demand Registration pursuant to contractual commitments made by the Company other than pursuant to this Agreement shall be excluded; and third, securities that are entitled to be included in such Demand Registration pursuant to the exercise of piggyback rights shall be excluded, with such number of excluded securities to be

allocated on a pro rata basis among the holders of such piggyback rights in accordance with the number of Registrable Securities then outstanding and held by each such Investor.

(iii) Managing Underwriter. The managing underwriter or other underwriters of any underwritten public offering covered by a Demand Registration shall be selected by the Purchaser, and shall be reasonably acceptable to the Board of Directors of the Company.

(iv) Underwriter's Agreement. Upon receipt of a valid Demand Registration, the Company shall enter into and perform customary agreements (including an underwriting agreement in customary form with the managing underwriter) and take such other actions as are prudent and reasonably required in order to expedite or facilitate the disposition of such Registrable Securities, including, without limitation, causing its officer's to be reasonably available for and to participate in "road shows," due diligence inquiries and other information meetings as reasonably requested by the managing underwriter.

3. [DELETED].

4. Company Obligations. At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2, the Company will use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

a. The Company shall prepare and file with the SEC a Registration Statement with respect to the Registrable Securities on or before the Filing Deadline and use its best efforts to cause such Registration Statement relating to the Registrable Securities to become effective as soon as possible after such filing and keep such Registration Statement effective pursuant to Rule 415 at all times until the earlier of (i) the tenth anniversary of the date hereof, or (ii) the date on which (A) the Investors shall have sold or otherwise disposed of all the Registrable Securities and (B) none of the outstanding Series A Preferred Stock are held by Persons entitled to the registration rights granted by this Agreement (the "REGISTRATION PERIOD"). The term "BEST EFFORTS" as used in the first sentence of this Section 4a shall mean, among other things, that the Company shall submit to the SEC, within three (3) business days after the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff has no further comments on the Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than forty-eight (48) hours after the submission of such request. Notwithstanding the foregoing, Investors which, individually or in the aggregate with its affiliates, holds Registrable Securities representing more than three percent (3%) of the total outstanding equity securities of the Company shall, pursuant to, and limited by Section 3 above, continue to have the right to require the Company to prepare an underwritten offering and shall continue to have rights under Section 2f, and the term "Registrable Securities" shall include the shares held by such 3% holder, despite the termination of the Registration Period above, for all Registrable Securities it then holds.

b. Subject to Section 41, the Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the Securities Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement.

c. The Company shall (a) permit Legal Counsel to review and comment upon a Registration Statement and all amendments and supplements thereto at least five (5) days prior to their filing with the SEC and (b) not file any document in a form to which Legal Counsel reasonably objects and has advised the Company in writing of its objection and the basis for such objection, provided that notwithstanding anything to the contrary in this Agreement, the Company shall suffer no adverse consequence from any delay in the filing of a Registration Statement if such delay is caused by any delay in review of or comment on such Registration Statement by Legal Counsel. The Company shall furnish to Legal Counsel, without charge, (i) copies of any correspondence with the SEC or the Staff of the SEC to the Company or its representatives relating to the effectiveness of the Registration Statement, (ii) promptly after the same is prepared and filed with the SEC, one copy of any Registration Statement and any amendment(s) thereto, including financial statements and schedules, and all exhibits and (iii) upon the effectiveness of any Registration Statement, one copy of the prospectus included in such Registration Statement and all amendments and supplements thereto.

d. The Company shall furnish to each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) promptly after the same is prepared and filed with the SEC, at least one copy of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, and all exhibits, (ii) upon the effectiveness of any Registration Statement, ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request) and (iii) such other documents, including copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor.

e. The Company shall use reasonable efforts to (i) register and qualify the Registrable Securities covered by a Registration Statement under such securities or "blue sky" laws of such jurisdictions in the United States as Legal Counsel or any Investor reasonably requests, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to

do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 4e, (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel and each Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

f. As promptly as practicable after becoming aware of such event or development, the Company shall notify Legal Counsel and each Investor in writing of the happening of any event as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that such notice shall not contain any material, non- public information), and promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver ten (10) copies of such supplement or amendment to Legal Counsel and each Investor (or such other number of copies as Legal Counsel or such Investor may reasonably request). The Company shall also promptly notify Legal Counsel and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel by overnight mail as promptly as possible), (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

g. The Company shall use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify Legal Counsel and each Investor who holds Registrable Securities being sold of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

h. At the reasonable request of the Purchaser and at the Company's expense, the Company shall use its reasonable best efforts to furnish to the Purchaser, on the date of the effectiveness of the Registration Statement and thereafter from time to time upon any change or addition (including by way of incorporation by reference) to the financial statements or financial information included in the Registration Statement (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Purchaser and the Company and any underwriter and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Purchaser and any underwriter.

i. The Company shall use its best efforts either to cause all the Registrable Securities covered by a Registration Statement to be listed on each securities exchange or The Nasdaq National Market on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange or The Nasdaq National Market. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 4i.

j. The Company shall cooperate with the Investors who hold Registrable Securities being offered and, to the extent applicable, to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Investors may reasonably request and registered in such names as the Investors may request.

k. Within two (2) business days after a Registration Statement which includes the Registrable Securities is declared effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) written confirmation that such Registration Statement has been declared effective by the SEC.

l. Notwithstanding anything to the contrary herein, at any time after 90 days after the applicable Registration Statement has been declared effective by the SEC, the Company may delay the disclosure of material non-public information concerning the Company the disclosure of which at the time is not, in the good faith opinion of the Board of Directors of the Company, in the best interest of the Company (a "GRACE PERIOD"); provided, that the Company shall promptly (i) notify the Investors in writing of the existence of material non-public information giving rise to a Grace Period (provided that in each notice the Company will not disclose the content of such material non-public information to the Investors) and the date on which the Grace Period will begin, and (ii) notify the Investors in writing of the date on which the Grace Period ends; and, provided further, that no Grace Period shall exceed 15 consecutive days and during any consecutive 365 day period, such Grace Periods shall not exceed an aggregate of 45 days (an "ALLOWABLE GRACE PERIOD"). For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) and the date referred to in such notice. The provisions of Section 4f hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by the first sentence of Section 4f with respect to the information giving rise thereto.

m. If requested by an Investor, the Company shall (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as an Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other

terms of the offering of the Registrable Securities to be sold in such other offering provided that such information is required to be included in the Registration Statement by the Securities Act; (ii) as soon as practicable make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Registration Statement if reasonably requested by an Investor of such Registrable Securities.

n. The Company shall use its reasonable best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

o. The Company shall make generally available to its security holders as soon as practical, but not later than 90 days after the close of the period covered thereby, an earnings statement as contemplated by Section 11(a) of the Securities Act (in form and in a manner complying with the provisions of Rule 158 promulgated under the Securities Act). The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

p. The Company shall make available for inspection by (i) any Investor, (ii) Legal Counsel, (iii) one firm of accountants or other agents retained by the Investors and (iv) any underwriter (collectively, the "INSPECTORS"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "RECORDS"), as shall be reasonably requested by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to an Investor) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the Securities Act, (b) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector has knowledge. Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential.

#### 5. Obligations of the Investors.

a. At least seven (7) days prior to the first anticipated filing date of a Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor if such Investor elects to have any of such Investor's Registrable Securities included in such Registration Statement. It shall be a condition precedent



to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

b. Each Investor by such Investor's acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

c. [DELETED]

d. To the extent requested by the Underwriter in the case of an underwritten public offering, and if all of the Company's executive officers, directors and holders in excess of five percent (5%) of its outstanding capital stock execute agreements identical to those referred to in this Section 5d, each Investor agrees not to effect any public sale or distribution of any Registrable Securities or of any securities convertible into or exchangeable or exercisable for such Registrable Securities, including a sale pursuant to Rule 144 promulgated under the Securities Act, during the ninety (90) day period or such shorter period, if any, mutually agreed upon by such Investor and the Underwriter beginning on the effective date of such Registration Statement (except as part of such registration).

e. If, however, an Investor has entered into a contract for sale of its Registrable Securities prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 4g, the first sentence of Section 4f, or Section 4l and for which the Investor has not yet settled, the Company agrees to (i) cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of the Investor in accordance with the terms of the purchase agreement in connection with any sale, or (ii) be fully liable for any damages resulting from any breach by the Investor in complying with this Section 5e.

6. Expenses of Registration. Except as otherwise set forth herein, all reasonable expenses, other than underwriting discounts and brokerage commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 4, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees shall be paid by the Company. In addition, the Company shall reimburse the Investors for the reasonable fees and disbursements of Legal Counsel in connection with registrations, filings or qualifications pursuant to Sections 2 and 4 of this Agreement.

7. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

a. Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement and without limitation as to time, indemnify and hold harmless each Investor, the officers, directors, agents (including any underwriters retained by such Investor in connection with the offer and sale of Registrable Securities), each Person who controls any such Investor (within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended, (the "EXCHANGE ACT")) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and attorneys' fees) and expenses (collectively, "LOSSES"), that arise out of or are based upon (x) any untrue statement of a material fact or alleged untrue statement of material fact contained in the Registration Statement, any prospectus, or any form of prospectus or amendment or supplement thereto, or (y) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (z) any violation or alleged violation by the Investor (or its underwriter) of the prospectus delivery requirements of the Securities Act. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 7(a): (w) shall not apply to the extent, but only to the extent, that such untrue statements or omissions are based solely upon information regarding such Investor furnished in writing to the Company by or on behalf of such Investor expressly for use in any Registration Statement, prospectus or any amendment or supplement thereto, which information was reasonably relied on by the Company for use therein or to the extent that such information relates to such Investor or such Investor's or Underwriter's proposed method of distribution of Registrable Securities and was reviewed and approved by such Investor or Underwriter for use in the Registration Statement, such prospectus or such form of prospectus or in any amendment or supplement thereto; (x) with respect to any preliminary prospectus, shall not inure to the benefit of any such Investor, Underwriter or any related Indemnified Persons from whom the Person asserting any such Losses purchased the Registrable Securities that are the subject thereof (or to the benefit of any Person controlling such Person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus, as then amended or supplemented, if such prospectus was timely made available by the Company pursuant to Section 4d hereof; (y) shall not be available to the extent such Losses are based on a failure of an Investor to deliver or to cause to be delivered the prospectus made available by the Company; and (z) shall not apply to amounts paid in settlement of any losses, claims, damages, liabilities, costs if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld.

b. Indemnification by Investors. Each Investor shall, severally and not jointly, indemnify and hold harmless the Company, the directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses to the extent they arise out of or are based upon (x) any untrue statement of a material fact or alleged untrue statement of material fact contained in the Registration Statement, any prospectus, or any form of prospectus or amendment or supplement thereto, or (y) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (z) any violation or alleged violation by the Investor (or its

underwriter) of the prospectus delivery requirements of the Securities Act, including, without limitation, Losses arising out of the failure to deliver, or to cause to be delivered, or alleged failure to deliver or cause to be delivered any amendments or supplements to the prospectus or supplement, if such amendment or supplement was timely made available to such Investor; provided, however, that the Investor shall be liable under this Section 7b to the extent, but only to the extent, that such untrue statement or omission is made in reliance upon or results in conformity with any information furnished in writing by such Investor to the Company specifically for use in connection with the Registration Statement or such prospectus or any amendment or supplement thereto, or to the extent that such information relates to such Investor or such Investor's proposed method of distribution of Registrable Securities and was reviewed and approved by such Investor expressly for use in the Registration Statement, such prospectus or such form of prospectus or any amendment or supplement thereto; provided, further that the Investor shall be liable under this Section 7(b) for only that amount of a claim or Losses as does not exceed the net proceeds to such Investor as result of the sale of Registrable Securities pursuant to such Registration Statement.

c. Conduct of Indemnification Proceedings.

(i) If any proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "INDEMNIFIED PARTY"), such Indemnified Party promptly shall notify the Person from whom indemnity is sought (the "INDEMNIFYING PARTY") in writing promptly after receipt by the Indemnified Party of notice of such proceeding, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and adversely prejudiced the Indemnifying Party or the defense of such proceeding or is shown to be the proximate cause of additional Losses.

(ii) An Indemnified Party shall have the right to employ separate counsel in any such proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such proceeding; or (3) the named parties to any such proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable expenses of such counsel shall be at the expense of the Indemnifying Party). Notwithstanding the foregoing, in no event shall an Indemnifying Party be required to pay the expenses of more than one (1) separate counsel. The Indemnifying Party shall not be

liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

d. Contribution. If a claim for indemnification under Section 7a or 7b is unavailable to an Indemnified Party because of a failure or refusal of a governmental authority to enforce such indemnification in accordance with its terms (by reason of public policy or otherwise), then each 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, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party 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 of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 7c, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section 7 was available to such party in accordance with its terms. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7d were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7d, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by the Investor from the sale of the Registrable Securities subject to the proceeding exceeds the amount of any damages that the Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. 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 guilty of such fraudulent misrepresentation.

e. Fees and Expenses - Indemnification. All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such proceeding in a manner not inconsistent with this Section 7) shall be paid to the Indemnified Party, as incurred, within ten (10) business days after written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder); provided, however, this Section 7e shall not apply if

there is a bona fide dispute between the Indemnifying Party and the Indemnified Party as to the Indemnified Party's right to indemnification in the instance in question.

f. Cumulative. The indemnity and contribution agreements contained in this Section 7 are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

8. Reports Under the Securities Act and the Exchange Act. With a view to making available to the Investors the benefits of Rule 144 or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration, the Company agrees to:

a. file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

b. furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of the Exchange Act or, if applicable, that there is publicly available the information concerning the Company described in Rule 144(C)(2), (ii) unless available on the EDGAR system, a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of Registration Rights. The rights under this Agreement shall be assignable by the Purchaser or any Investor to any transferee of all or any portion of Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Purchase Agreement. Notwithstanding the foregoing, in no event will the Registrable Securities or the rights hereunder be transferable prior to the Filing Deadline.

10. Amendment of Registration Rights. Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Purchaser. Any amendment or waiver effected in accordance with this Section 10 shall be

binding upon each Investor and the Company. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

11. Miscellaneous.

a. A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

b. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

TeamStaff, Inc.  
300 Atrium Drive  
Somerset, NJ 08873  
Attn: Donald Kappauf

With copies to:

Goldstein & DiGioia LLP  
369 Lexington Avenue, 18th Floor  
New York, NY 10017  
Attn: Brian C. Daughney, Esq.

If to the Purchaser:

BrightLane.com, Inc.  
Suite 200  
3650 Mansell Road  
Alpharetta, GA 30022  
Attn: Vince Brannon

With copies to:

Morris, Manning & Martin, L.L.P.  
1600 Atlanta Financial Center  
3343 Peachtree Road N.E.  
Atlanta, Georgia 30326  
Facsimile No.: (404) 365-9532  
Attn: Oby T. Brewer, Esq.

Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. This Agreement shall be governed by the laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction. Each party hereby irrevocably waives any right it might have, and agrees not to request, a jury trial for the adjudication of any dispute hereunder or in connection herewith or arising out of this Agreement or any transaction contemplated hereby.

e. This Agreement and the Purchase Agreement are the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

f. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

j. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

k. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, it being intended that all of the rights and privileges of the Investors shall be enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of day and year first above written.

COMPANY:  
TEAMSTAFF, INC.

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

PURCHASER:  
BRIGHTLANE.COM, INC.

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



## Press Release

TeamStaff, Inc. and BrightLane.com, Inc. Finish Due Diligence; TeamStaff Pays Off \$3.6 Million FINOVA Loan

SOMERSET, N.J.--(BUSINESS WIRE)--April 16, 2001--TeamStaff, Inc. (NASDAQ: TSTF - news) a leading national Professional Employer Organization (PEO) and BrightLane.com, Inc. jointly announced today that the parties have finished their due diligence and disclosure schedules, obtained investment banking opinions as to the fairness of the terms of the transaction and received final Board authorizations to complete the proposed merger of BrightLane and TeamStaff.

Under the terms of the executed definitive agreement, both parties had 20 days from the March 6, 2001 effective date to complete the above requirements. After a week's extension, both parties completed their responsibilities on Friday, March 30. The parties are proceeding to prepare and file with the SEC their Joint Proxy Statement in order to schedule their respective shareholders' meetings, expected to occur in July.

In a related transaction completed April 12th, BrightLane purchased \$3.5 million in newly created TeamStaff Series A Convertible Preferred Stock in order to allow TeamStaff to retire the \$3.6 million outstanding debt incurred from the April 7, 2000 acquisition of the Synadyne assets of Outsource International, Inc. This early paydown allowed TeamStaff to save approximately \$475,000 in reduced interest and other expenses charged by its financial lender. Under the terms of its agreement with FINOVA Capital Corporation (FINOVA), the Company will save \$325,000 (part of the \$475,000) in fees if it retires all its other remaining debt with FINOVA by September 30, 2001. As part of its loan agreement with FINOVA, the Company had incurred a \$500,000 success fee when the Synadyne loan entered its second loan year on April 7, 2001. The Company will take a \$175,000 pre-tax charge to earnings in the third Fiscal quarter to account for the success fee required to be paid prior to retiring the debt. For the quarter, this will only represent an increase in interest expense of \$50,000 since the Company would have normally been amortizing the \$500,000 fee each quarter. The Company estimates that it will consummate the merger with BrightLane in July, which will allow it to retire all its debt with FINOVA. As part of this investment by BrightLane, the Company has lowered the \$16.5 million in cash required by BrightLane to have at closing by approximately \$3.9 million to account for the funds advanced for the Preferred Stock investment, to allow them credit for FINOVA fees the Company saved plus BrightLane's lost interest income on the funds and various expenses.

The Series A Preferred Stock is convertible into TeamStaff Common Stock by BrightLane only if the merger is not consummated prior to September 30th or if the parties terminate the agreement prior to such time. The Preferred Stock may not be convertible into more than 1,500,000 shares of TeamStaff Common Stock and is convertible at the rate of 70% of the TeamStaff Common Stock Market Price at the time of conversion. Upon the completion of the merger with BrightLane the Preferred Stock will be retired.

TeamStaff's President and Chief Executive Officer Donald W. Kappauf commented,

"this transaction will allow the Company to save almost one half million dollars and is a great example of how the two organizations are already working together towards the common good of the consolidated entity. This combination of organizations, I believe, will be highly successful in the future."

(The statements contained in this press release that are not historical facts are forward-looking statements that involve a number of risks and uncertainties. Therefore, the actual results of future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause results to differ materially are: (i) regulatory and tax developments; (ii) changes in TeamStaff's direct costs and operating expenses; (iii) the estimated costs and effectiveness of capital projects and investments in technology and infrastructure; (iv) TeamStaff's ability to effectively implement its eBusiness strategy; (v) the effectiveness of TeamStaff's sales and marketing efforts, including the company's marketing agreements with other companies; and (vi) changes in the competitive environments in the PEO industry. These factors are described in further detail in TeamStaff's filings with the Securities and Exchange Commission.)

Contact:

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or  
Cameron Associates, New York  
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