

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

SCHEDULE 13D/A

Amendment No. 2

Under the Securities Exchange Act of 1934

TeamStaff, Inc.

(Name of Issuer)

Common Stock, \$.001 par value

(Title of Class of Securities)

87815U204

(CUSIP Number)

Wynnefield Partners Small Cap Value, L.P.
450 Seventh Avenue, Suite 509
New York, New York 10123
Attention: Mr. Nelson Obus

Copy to:

Jeffrey S. Tullman, Esq.

Kane Kessler, P.C.

1350 Avenue of the Americas, 26th Floor

New York, New York 10019

(212) 541-6222

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

January 19, 2007

(Date of Event which requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. .

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Wynnefield Partners Small Cap Value, L.P. 13-3688497	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 827,025 (see Item 5) (1)
	8	SHARED VOTING POWER -0- (see Item 5)
	9	SOLE DISPOSITIVE POWER 827,025 (see Item 5) (1)
	10	SHARED DISPOSITIVE POWER -0- (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 4.3%	
14	TYPE OF REPORTING PERSON (See Instructions) PN	

(1) Includes 20,625 shares issuable upon exercise of warrants to purchase shares of Common Stock.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Wynnefield Partners Small Cap Value, L.P. I 13-3953291
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS (See Instructions) WC
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 936,650 (see Item 5) (1)
	8 SHARED VOTING POWER -0- (see Item 5)
	9 SOLE DISPOSITIVE POWER 936,650 (see Item 5) (1)
	10 SHARED DISPOSITIVE POWER -0- (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 4.9%
14	TYPE OF REPORTING PERSON (See Instructions) PN

(1) Includes 26,250 shares issuable upon exercise of warrants to purchase shares of Common Stock.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Wynnefield Small Cap Value Offshore Fund, Ltd. (No IRS Identification No.)
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS (See Instructions) WC
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 599,625 (see Item 5) (1)
	8 SHARED VOTING POWER -0- (see Item 5)
	9 SOLE DISPOSITIVE POWER 599,625 (see Item 5) (1)
	10 SHARED DISPOSITIVE POWER -0- (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 3.1%
14	TYPE OF REPORTING PERSON (See Instructions) CO

(1) Includes 15,625 shares issuable upon exercise of warrants to purchase shares of Common Stock.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Wynnefield Capital Management, LLC 13-4018186
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS (See Instructions) WC
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION New York
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER - 0 - (see Item 5)
	8 SHARED VOTING POWER 1,763,675 (1) (see Item 5)
	9 SOLE DISPOSITIVE POWER - 0 - (see Item 5)
	10 SHARED DISPOSITIVE POWER 1,763,675 (1) (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.1%
14	TYPE OF REPORTING PERSON (See Instructions) OO (Limited Liability Company)

(1) Wynnefield Capital Management, LLC holds an indirect beneficial ownership interest in these shares which are directly beneficially owned by Wynnefield Partners Small Cap Value, L.P. and Wynnefield Partners Small Cap Value, L.P. I.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Wynnefield Capital, Inc. (No IRS Identification No.)
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS (See Instructions) WC
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER - 0 - (see Item 5)
	8 SHARED VOTING POWER 599,625 (1) (see Item 5)
	9 SOLE DISPOSITIVE POWER - 0 - (see Item 5)
	10 SHARED DISPOSITIVE POWER 599,625 (1) (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 3.1%
14	TYPE OF REPORTING PERSON (See Instructions) CO

(1) Wynnefield Capital, Inc. holds an indirect beneficial ownership interest in these shares which are directly beneficially owned by Wynnefield Small Cap Value Offshore Fund, Ltd.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Nelson Obus
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS (See Instructions) WC
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER - 0 - (see Item 5)
	8 SHARED VOTING POWER 2,363,300 (1) (see Item 5)
	9 SOLE DISPOSITIVE POWER - 0 - (see Item 5)
	10 SHARED DISPOSITIVE POWER 2,363,300 (1) (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.2%
14	TYPE OF REPORTING PERSON (See Instructions) IN

(1) Mr. Obus may be deemed to have an indirect beneficial ownership in such shares through his positions as a managing member of Wynnefield Capital Management, LLC and a principal executive officer of Wynnefield Capital, Inc. Wynnefield Capital Management, LLC holds an indirect beneficial ownership interest in 1,763,675 shares which are directly beneficially owned by Wynnefield Partners Small Cap Value, L.P. and Wynnefield Partners Small Cap Value, L.P. I. Wynnefield Capital, Inc. holds an indirect beneficial ownership interest in 599,625 shares which are directly beneficially owned by Wynnefield Small Cap Value Offshore Fund, Ltd.

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only) Joshua H. Landes	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (See Instructions) WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(E) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER - 0 - (see Item 5)
	8	SHARED VOTING POWER 2,363,300 (1) (see Item 5)
	9	SOLE DISPOSITIVE POWER - 0 - (see Item 5)
	10	SHARED DISPOSITIVE POWER 2,363,300 (1) (see Item 5)
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (see Item 5)	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 12.2%	
14	TYPE OF REPORTING PERSON (See Instructions) IN	

(1) Mr. Landes may be deemed to have an indirect beneficial ownership in such shares through his positions as a managing member of Wynnefield Capital Management, LLC and a principal executive officer of Wynnefield Capital, Inc. Wynnefield Capital Management, LLC holds an indirect beneficial ownership interest in 1,763,675 shares which are directly beneficially owned by Wynnefield Partners Small Cap Value, L.P. and Wynnefield Partners Small Cap Value, L.P. I. Wynnefield Capital, Inc. holds an indirect beneficial ownership interest in 599,625 shares which are directly beneficially owned by Wynnefield Small Cap Value Offshore Fund, Ltd.

This Amendment No. 2 (the "Amendment") amends the Statement of Beneficial Ownership on Schedule 13D, originally filed with the Securities and Exchange Commission (the "Commission") on March 18, 2005 and as amended on November 23, 2005 (the "Statement") by Wynnefield Partners Small Cap Value, L.P. (the "Partnership"), Wynnefield Partners Small Cap Value, L.P. I (the "Partnership-I"), Wynnefield Small Cap Value Offshore Fund, Ltd. (the "Fund"), Wynnefield Capital Management, LLC ("WCM") and Wynnefield Capital, Inc. ("WCI"), with respect to shares of common stock, \$0.001 par value (the "Shares"), of TeamStaff, Inc., a New Jersey corporation with its principal executive offices located at 300 Atrium Drive, South Plainfield, NJ 08873 (the "Issuer"). In addition, this Amendment is filed on behalf of Nelson Obus ("Mr. Obus") and Joshua Landes ("Mr. Landes", collectively with Partnership, Partnership-I, Fund, WCM, and Mr. Obus, the "Wynnefield Group"). Unless specifically amended hereby, the disclosures set forth in the Statement shall remain unchanged.

Item 4. Purpose of Transaction.

Each member of the Wynnefield Group originally acquired the Shares reported in Item 5 below for its own account, and for investment purposes, with no intention of changing or influencing control of the Issuer or as a participant in any transaction having that purpose or effect. However, the Wynnefield Group has recommended, and from time to time, may continue to recommend to the Issuer's management various strategies for increasing shareholders' value. The Wynnefield Group and the Issuer's management have continued their dialogue on this and related subjects.

At the recommendation of the Wynnefield Group, effective January 19, 2007, the Issuer's Board of Directors appointed each of William H. Alderman and Rick Wasserman to the Issuer's Board of Directors. The Wynnefield Group applauds the Board of Directors' actions and believes that these appointments are indicative of the Issuer's renewed focus on achieving its goal of profitable revenue growth and maximizing shareholder value.

The Wynnefield Group will also continue to evaluate on an ongoing basis the Issuer's financial condition, business, operations and prospects, the market price for the Shares, conditions in the securities markets generally, general economic conditions, conditions affecting the Issuer's operations and other factors, specifically management's ability to maximize shareholder value. In particular, the Wynnefield Group may purchase Shares, or may sell or otherwise dispose of all or a portion of the Shares in public and private transactions and/or may enter into negotiated derivative transactions to hedge the market risk of some or all positions in, or to obtain greater exposure to, the Shares. Any such transactions may be effected at any time or from time to time, subject to any applicable limitations imposed on the sale of Shares by the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and applicable state securities or "blue sky" laws. In addition, the Wynnefield Group may seek to influence the policies, procedures, goals and strategic plans of the Issuer through direct communication with the Issuer's management or otherwise.

The Wynnefield Group reserves the right to change its plans and intentions at any time as it deems appropriate with respect to all matters referred to in this Item 4.

Except as otherwise set forth above, no member of the Wynnefield Group has any plans to effect any of the transactions required to be described in Item 4 of the Statement.

Item 5. Interest in Securities of the Issuer.

(a) - (c) As of January 19, 2007, the Wynnefield Group beneficially owned in the aggregate 2,363,300 Shares (including: (i) 20,625 Shares issuable upon exercise of warrants to purchase Shares held by Partnership; (ii) 26,250 Shares issuable upon exercise of warrants to purchase Shares held by Partnership I; and (iii) 15,625 Shares issuable upon exercise of warrants to purchase Shares held by Fund) constituting approximately 12.2% of the outstanding shares of the Shares (the percentage of shares owned being based upon 19,278,266 Shares outstanding on December 19, 2006, as set forth in the Issuer's most recent report on Form 10-K for the year ended September 30, 2006, filed with the Commission on December 21, 2006 plus 62,500 Shares issuable upon exercise of warrants to purchase Shares held by the Wynnefield Group). The following table sets forth certain information with respect to Shares directly beneficially owned by the Wynnefield Group listed below:

Name	Number of Shares	Percentage of Outstanding Shares
Partnership*	827,025	4.3%
Partnership-I *	936,650	4.9%
Fund **	599,625	3.1%

* WCM has an indirect beneficial ownership interest in these Shares.

** WCI has an indirect beneficial ownership interest in these Shares.

WCM is the sole general partner of the Partnership and Partnership-I and, accordingly, may be deemed to be the indirect beneficial owner (as that term is defined under Rule 13d-3 under the Exchange Act) of the Shares that Partnership and Partnership-I beneficially own. WCM, as the sole general partner of Partnership and Partnership-I, has the sole power to direct the voting and disposition of the Shares that Partnership and Partnership-I beneficially own. Messrs. Obus and Landes are the co-managing members of WCM and, accordingly, each of Messrs. Obus and Landes may be deemed to be the indirect beneficial owner (as that term is defined under Rule 13d-3 under the Exchange Act) of the Shares that WCM may be deemed to beneficially own.

Each of Messrs. Obus and Landes, as a co-managing member of WCM, shares with the other the power to direct the voting and disposition of the Shares that WCM may be deemed to beneficially own. WCI is the sole investment manager of the Fund and, accordingly, may be deemed to be the indirect beneficial owner (as that term is defined under Rule 13d-3 under the Exchange Act) of the Shares that the Fund beneficially owns.

WCI as the sole investment manager of Fund, has the sole power to direct the voting and disposition of the Shares that the Fund beneficially owns. Messrs. Obus and Landes are executive officers of WCI and, accordingly, each of Messrs. Obus and Landes may be deemed to be the indirect beneficial owner (as that term is defined under Rule 13d-3 under the Exchange Act) of the Shares that WCI may be deemed to beneficially own. Each of Messrs. Obus and Landes, as executive officers of WCI, shares with the other the power to direct the voting and disposition of the Shares that WCI may be deemed to beneficially own.

Beneficial ownership of the Shares shown on the cover pages of and set forth elsewhere in this Statement for each member of the Wynnefield Group assumes that they have not formed a group for purposes of Section 13(d)(3) under the Exchange Act, and Rule 13d-5(b)(1) promulgated thereunder. If the members of the Wynnefield Group were deemed to have formed a group for purposes of Section 13(d)(3) and Rule 13d-5(b)(1), the group would be deemed to own beneficially (and may be deemed to have shared voting and dispositive power over) 2,363,300 Shares (including: (i) 20,625 Shares issuable upon exercise of warrants to purchase Shares held by Partnership; (ii) 26,250 Shares issuable upon exercise of warrants to purchase Shares held by Partnership I; and (iii) 15,625 Shares issuable upon exercise of warrants to purchase Shares held by Fund) constituting approximately 12.2% of the outstanding Shares (the percentage of shares owned being based upon 19,278,266 Shares outstanding on December 19, 2006, as set forth in the Issuer's most recent report on Form 10-K for the year ended September 30, 2006, filed with the Commission on December 21, 2006 plus 62,500 Shares issuable upon exercise of warrants to purchase Shares held by the Wynnefield Group).

The filing of this Statement and any future amendment by the Wynnefield Group, and the inclusion of information herein and therein with respect to WCM, WCI and Messrs. Obus and Landes, shall not be considered an admission that any of such persons, for the purpose of Section 16(b) of the Exchange Act, are the beneficial owners of any shares in which such persons do not have a pecuniary interest. Each of WCM, WCI and Messrs. Obus and Landes disclaims any beneficial ownership of the shares covered by this Statement.

Except as set forth below, to the best knowledge of the Wynnefield Group, except as described in this Statement, none of the Wynnefield Group, any person in control (ultimately or otherwise) of the Wynnefield Group, any general partner, executive officer or director thereof, as applicable, beneficially owns any Shares, and there have been no transactions in the Shares affected during the past 60 days, by the Wynnefield Group, any person in control of the Wynnefield Group (ultimately or otherwise), or any general partner, executive officer or director thereof, as applicable.

The Wynnefield Group has purchased Shares during the last 60 days, as follows:

Name	Date	Number of Shares	Price Per Share
Partnership	January 12, 2007	22,800	\$1.20

(d) No person, other than each member of the Wynnefield Group referred to as the direct beneficial owner of the shares of Common Stock set forth in this response to Item 5, has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such shares of Common Stock.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with respect to Securities of the Issuer.

Except as set forth above under this Item 6, to the best knowledge of the Wynnefield Group, any person in control (ultimately or otherwise) of the Wynnefield Group, or any general partner, executive officer or director thereof, as applicable, there are no contracts, arrangements, understandings or relationships (legal or otherwise) between the Wynnefield Group, and any other person, with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option agreements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies.

On January 19, 2007, the Issuer and the Wynnefield Group entered into a letter agreement (the "Agreement"), pursuant to which the Wynnefield Group agreed to purchase, in a private offering, up to \$4 million of the Issuer's Shares or such other equity security mutually acceptable to the parties. Pursuant to the Agreement, the Issuer agreed to take the following actions: (i) replace all cash compensation payable to the Issuer's Board of Directors with grants of restricted stock; (ii) appoint Peter Black as Chairman of the Compensation Committee of the Issuer's Board of Directors; and (iii) appoint William H. Alderman and Rick Wasserman to the Issuer's Board of Directors.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, which is included as Exhibit 99.1 to this Amendment and incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

Exhibit 99.1 Letter Agreement dated January 19, 2007, by and between TeamStaff, Inc. and Wynnefield Capital, Inc.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 29, 2007

**WYNNEFIELD PARTNERS SMALL
CAP VALUE, L.P.**

By: Wynnefield Capital Management, LLC,
General Partner

By: /s/ Nelson Obus
Nelson Obus, Co-Managing Member

**WYNNEFIELD PARTNERS SMALL
CAP VALUE, L.P. I**

By: Wynnefield Capital Management, LLC,
General Partner

By: /s/ Nelson Obus
Nelson Obus, Co-Managing Member

WYNNEFIELD SMALL CAP VALUE OFFSHORE FUND, LTD.

By: Wynnefield Capital, Inc.

By: /s/ Nelson Obus
Nelson Obus, President

WYNNEFIELD CAPITAL MANAGEMENT, LLC

By: /s/ Nelson Obus
Nelson Obus, Co-Managing Member

WYNNEFIELD CAPITAL, INC.

By: /s/ Nelson Obus
Nelson Obus, President

/s/ Joshua H. Landes
Joshua H. Landes, Individually

/s/ Nelson Obus
Nelson Obus, Individually

January 19, 2007

Mr. Peter Black
Peter Black
Wynnefield Capital, Inc.
450 7th Avenue, Suite 509
New York, NY 10123

Dear Mr. Black:

Pursuant to our several conversations, the Board of Directors of TeamStaff, Inc. (the "Company") hereby accepts the proposal of Wynnefield Capital dated January 11, 2007 (the "Proposal") as follows:

Wynnefield Capital will agree to purchase up to \$4 million of common stock of the Company (the "Common Stock"), or such other security mutually acceptable to Wynnefield Capital and the Company, in a private offering, subject to piggy-back registration rights (the "Financing"). The Company and Wynnefield Capital may also determine to approach certain other major shareholders of the Company to participate in the Financing. However, Wynnefield Capital is prepared to invest the entire \$4 million in the event no such other shareholder desires to participate. The Common Stock (or other security) would be priced upon the volume-weighted average share price of the Company's common stock over the twenty trading days immediately preceding the date of the executed purchase agreement related to the Financing, but in no event will the price be less than \$1.02 per share. In addition, in no event will the Company issue greater than 19.9% of the outstanding stock of the Company under the Financing. Wynnefield Capital is prepared to close the Financing within 60 days of the date of this letter.

The Company also agrees to the following conditions:

1. Company Board member total cash compensation (including annual retainer and all meeting, conference call, and committee meeting fees) will immediately be set to zero. In place of such cash compensation, each non-employee Board member will receive an initial grant under the Company's 2006 Long-Term Incentive Plan of 15,000 shares of restricted stock following the 2007 annual meeting of shareholders. Additionally, for each Board committee on which such non-employee Board member serves, he will receive a grant of 2,500 shares of restricted stock following the 2007 annual meeting of shareholders. Fifty percent (50%) of such shares of restricted stock shall vest when the volume-weighted average share price of the Company's common stock over any twenty consecutive trading days exceeds the price on the date of grant by 20%, with the remaining fifty percent (50%) vesting one year thereafter. Future annual grants shall be

by the Company's Compensation Committee. Of course, any out-of-pocket expenses related to fulfilling a Board member's duties will be reimbursed.

2. Upon the closing of the Financing, Peter Black will be elected Chairman of the Compensation Committee of the Board of Directors effective immediately, and will retain his position on the Audit Committee.

3. The Board of Directors of the Company has already appointed Rick J. Filippelli to the Board of Directors. Upon the execution of this letter, one present member of the TeamStaff Board of Directors (the "Resigning Director") will resign, and the Company shall appoint Wynnefield Capital's two nominees, William H. Alderman and Rick Wasserman (the "Nominees") to the Board, which will then be comprised of seven (7) members, including Peter Black and Rick Filippelli. If the Financing (or other mutually agreed upon transaction) does not close, then the Nominees will resign from the Board, and the Resigning Director will be invited to rejoin the Board.

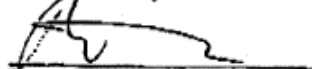
Please indicate your acceptance of the above by executing in the space provided and return to TeamStaff's General Counsel, James D. Houston.

Sincerely,



T. Stephen Johnson
Chairman of the Board of Directors
TeamStaff, Inc.

Agreed and Accepted:



Peter Black for
Wynnefield Capital

cc: Ron Aldrich
Martin J. Delaney
Karl W. Dieckmann
Rick J. Filippelli
James D. Houston, Esq.