

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

RENAISSANCE WORLDWIDE INC

CIK: **1012123** | IRS No.: **042920563** | State of Incorp.: **MA** | Fiscal Year End: **1231**
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SIC: **7370** Computer programming, data processing, etc.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED: DECEMBER 26, 1998

Commission file number 0-28192

Renaissance Worldwide, Inc.
(Exact Name of Registrant as Specified in its Charter)

Massachusetts
(State or other jurisdiction
of incorporation or organization)

04-2920563
(I.R.S. Employer
Identification No.)

189 Wells Avenue
Newton, Massachusetts 02459
(617) 527-6886
(Address, including ZIP Code, and Telephone Number, including Area Code,
of Registrant's Principal Executive Offices)

Securities Registered Pursuant to Section 12(b) of the Act:
None

Securities Registered Pursuant to Section 12(g) of the Act:
Common Stock, No Par Value
(Title of each class)

NASDAQ NATIONAL MARKET
(Name of each exchange on which registered)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein and will not be contained, to
the best of the registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this Form 10-K, or any
amendment to this Form 10-K.

Based on the closing sales price of the registrant's Common Stock on the
Nasdaq National Market on March 25, 1999, the aggregate market value of the
Common Stock held by non-affiliates of the registrant was approximately
\$183,215,000.

The number of shares of the registrant's Common Stock outstanding on March
25, 1999 was 56,236,319.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT FOR USE IN CONNECTION
WITH ITS ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 27, 1999 ARE
INCORPORATED BY REFERENCE INTO PART III.

ITEM 1: BUSINESS

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," and similar expressions are intended to identify forward-looking statements. The important factors discussed in Item 7--"Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Factors That May Affect Future Results" among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time.

Overview

Renaissance Worldwide, Inc. ("Renaissance" or the "Company") is a global provider of business and technology consulting services in the areas of business strategy, enterprise solutions, government solutions, and IT consulting services. The Company has rapidly evolved since its initial public offering in June 1996, primarily through strategic acquisitions. In connection with this rapid growth and evolution, in January 1998 the Company changed its name from The Registry, Inc. to Renaissance Worldwide, Inc. to reflect its broader scope of services, and its increasing international presence.

From June 1996 through December 1998, the Company acquired twenty-three companies. During fiscal 1998, the Company restructured its operations into four redefined business units to better align these acquisitions. Additional senior management was appointed to operate these units and the back office support operations were reorganized to better meet individual business unit needs. The four business units currently operating are Business Strategy Group, Enterprise Solutions Group, Government Solutions Group and Information Technology Consulting Services Group.

The Company

Renaissance provides business and technology consulting services primarily to Global 2000 companies and to a lesser extent other businesses around the world. The Company maintains offices in North America, Europe, and the Asia-Pacific region.

Business Strategy Group

The Business Strategy Group ("BSG") provides strategy development and implementation consulting services to large organizations primarily in the global telecommunications, computing, and energy industries. The group offers services in three principal categories: strategic destination, strategic navigation and strategic mobilization consulting.

Enterprise Solutions Group

The Enterprise Solutions Group ("ES") provides business and technology solutions designed to integrate leading edge processes and technologies. In 1998 the Company added to the Enterprise Solutions Group through the acquisitions of Neoglyphics Media, Inc. in Chicago, Exad Galons in France, and Hackenberg & Partner in Germany. The Enterprise Solutions Group's principal offerings fall into five categories: enterprise performance management; enterprise applications; E-Business; technology integration; and outsourced enterprise systems.

Government Solutions Group

The Government Solutions Group ("GOVT") provides technology solutions to the public sector, primarily in the areas of strategy, systems integration and electronic solutions. In June 1998, the Company acquired

International Public Access Technologies ("IPAT") which added significant resources and competencies to the Government Solutions Group. Technology solution competencies are focused around Public Assistance, Child Support Enforcement, Child Welfare, Managed Care, Employment and Training, Administration, Tax and Revenue Processing, and Courts and Judicial Systems

Automation.

Information Technology Consulting Services Group

The Information Technology Consulting Services Group ("ITCS") provides services designed to assist clients in design, implementation and/or support of IT applications. The ITCS was expanded in 1998 through the acquisition of Triad Data, Inc. in April. ITCS focuses principally on 3 service areas: IT staffing and project management; network systems strategy, planning and infrastructure design and support; and IT Transformation, including strategy, planning and architecture, as well as Y2K oriented initiatives. ITCS services are built around five technology sectors: workgroup/desktop; legacy systems; network and communications; database design and development; and Internet/www.

Business Strategy Group

The Business Strategy Group provides strategy development and implementation consulting services to large organizations primarily in the global telecommunications, computing and energy industries. During the twelve months ending December 26, 1998, the BSG accounted for approximately 8% of the Company's revenue.

Service Offerings

The BSG's emphasis is helping clients reshape their enterprise and the industries in which they compete. The Group offers three classes of services:

- . Strategic Destination. Strategic destination consulting services are designed to formulate competitive, market, customer, and product strategies for the client. The BSG's capabilities include determining the future dynamics of a client's industry and the transformation required in the client's business, economic, and organizational models to succeed as the industry evolves. BSG also helps clients identify and exploit growth opportunities and enhance performance through competitive benchmarking.
- . Strategic Navigation. Strategic navigation consulting services are designed to help clients navigate to new strategic destinations. The key service offering is the Renaissance Balanced Scorecard.TM This is a defined methodology designed to align the client's strategy with its organization, leverage enterprise knowledge, connect people and processes for rapid strategy implementation, and allow continuous organizational learning.
- . Strategic Mobilization. Strategic mobilization consulting services are designed to enhance client competitiveness by harnessing individual and enterprise knowledge about processes, products, and customers. Through performance modeling around the behavior of high performers, BSG helps clients reengineer their processes to translate strategy into action.

Enterprise Solutions Group

The Enterprise Solutions Group includes the services and operations of The Hunter Group, Inc., Neoglyphics Media, Inc., and other solutions services developed under the Renaissance brand. During the twelve month period ending December 26, 1998, The ES accounted for approximately 21% of the Company's revenue.

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Service Offerings

ES provides business and technology solutions that integrate leading edge processes and technologies. Its principal offerings fall into five categories: enterprise performance management; enterprise applications; E-Business; technology integration; and outsourced enterprise systems.

- . Enterprise Performance Management: ES provides focused expertise designed to enhance enterprise performance in four key ways: align and implement strategies; innovate business processes; deploy key technologies; and mobilize people. Services include Business Transformation, the Renaissance Balanced ScorecardTM, Knowledge Management, and IT Strategies. Each emphasizes the effective integration of strategy, technology, knowledge, and people as essential to the clients' success.
- . Enterprise Applications. These services include planning, selecting, implementing, supporting and managing our clients' front-office and back-office environments. ES provides comprehensive implementation services for complex software packages, including back office systems for human

resources, financials, manufacturing and supply chain; front-office systems for customer management, sales, marketing and call centers; and student administration systems for higher education institutions.

- . E-Business. ES provides strategic Internet services for clients, including Internet/Intranet development, custom application development, web-enabling legacy systems, and web-site interface design. ES focuses on E-Business strategy and implementation, E-Marketing, and enterprise self services systems.
- . Technology Integration. ES links disparate enterprise application systems thereby providing an integrated information flow and data warehouse to support enterprise performance goals. ES technology specialists support the system's life cycle with consulting services that span strategy, architecture and design, implementation and post-implementation activities.
- . Outsourced Enterprise Systems. ES provides a comprehensive set of services designed to support client enterprise systems. These services include help desk and application support, software upgrades and modifications, and IT infrastructure outsourcing. These services are designed to enable clients to maintain IT operations that keep pace with rapid technological change.

Government Solutions Group

The Government Solutions Group provides specialized management and IT consulting services to federal, state and municipal government clients. During the twelve month period ending December 26, 1998, The GOVT group accounted for 3% of the Company's revenue.

Service Offerings

Renaissance GOVT professionals address the requirements particular to the public sector with management and technology consulting and systems integration and electronic solutions in the following areas:

Core Competencies:

- . Public Assistance (TANF, Welfare Reform, Medicaid, Child Care)
- . Child Support Enforcement
- . Child Welfare
- . Managed Care (Health Care)
- . Employment and Training (Labor)
- . Administration (Payroll, HR, Retirement)
- . Tax and Revenue Processing
- . Courts and Judicial Systems Automation

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IT Consulting Services Group

The ITCS provides consulting services to assist clients in the design, implementation, and support of IT applications. During the fiscal year ended December 26, 1998, the ITCS group accounted for approximately 68% of the Company's revenue.

Service Offerings

- . IT Staffing and Project Management. The ITCS provides IT supplemental staffing and project management services on a contract basis for application development and software engineering. The ITCS technology professionals, billed primarily on an hourly basis, typically work on implementation, integration and development engagements lasting from six to twelve months under the direction of the client.
- . Network Solutions. The network solutions area provides a range of full life cycle services including Infrastructure Readiness, Implementation, and Management and Operations. Infrastructure Readiness services are designed to ensure that a client's network and systems infrastructures are capable of supporting their key business initiatives. Implementation

services provide clients with project teams of certified implementation resources and project managers to help compress implementation time frames and improve the quality of key infrastructure project deliverables. Management and Operations services provide clients with the tools and resources to improve and manage their existing network and systems infrastructures.

- . IT Transformation. These services include: IT Strategy and Management; IT Architecture, including outsourcing analyses and architecture and migration strategies; Year 2000 Strategy and Implementation, focused on obtaining year 2000 compliance and certification; and Program Management, designed to promote on-time, on-budget project delivery.

See Note 18 to the Company's Consolidated Financial Statements for further information about these business units and geographic regions.

Competition

The market for the Company's consulting services is intensely competitive on local, national, and international levels. The market is fragmented and subject to rapid change. The market is served by numerous management consulting companies, technology consultants, temporary personnel agencies and outsourcing companies, solutions providers, implementers, systems integrators, diversified technology companies (including hardware and software companies), and other service companies, many of which have greater financial, technical, marketing, and other resources and have greater name recognition than the Company. Some of these competitors have a nationwide and/or worldwide presence equivalent to, or greater than, that of the Company. Within any given market, the Company and its competitors frequently compete for the same highly-skilled consultants.

The Enterprise Solutions and Government Solutions Groups and the IT Consulting Services Group compete for IT professionals. IT professionals, including those who are currently on assignment with the Company, often seek engagements from more than one company. Primary competitive factors for recruiting and retaining such professionals include: compensation, including timeliness of payment; availability of benefits; consistent flow of high quality, varied assignments; schedule flexibility; and an understanding of consultant skills and work preferences. The Business Strategy, Enterprise Solutions and Government Solutions Groups compete for management consultants. Management consultants, who often hold advanced degrees, are in high demand across many business sectors. Primary competitive factors for recruiting and retaining such professionals include: compensation; quality of benefits; quality, variety and complexity of assignments; opportunity for advancement; and opportunity for professional development.

The Company competes for clients with a wide array of service providers. The Company considers large organizations with complex business and technology needs to be among its prime clients. Within a given market,

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there are a limited number of such potential clients, some of which have designated only certain companies as approved providers of the type of services provided by Renaissance. Primary competitive factors for obtaining and retaining clients include: comprehensive service offerings; careful matching of consultant skills with the client's requirements; nationwide and worldwide presence; organizational expertise and expertise of individual consultants; price of services; monitoring of client satisfaction during and after an engagement; and general responsiveness to client needs.

Although the Company believes that it competes favorably in recruiting IT professionals and management consultants as well as in obtaining clients, there is no assurance that it will continue to be successful in doing so.

Growth Strategy

The Company believes that a balance of internal growth and selective acquisitions will best position Renaissance to capitalize on opportunities in the integrated consulting services marketplace. In view of the number of acquisitions completed in the last two years, the Company is currently focused on further developing and integrating those acquisitions. The Company's growth strategy consists of the following primary components:

- . Focus on Profitability. Renaissance management understands that growth is not enough to enhance shareholder value. To increase shareholder value, growth must be managed and controlled to ensure that the growth is profitable. In the second half of 1998 the Company realigned its

organization to address this specific issue through four predominant initiatives: incorporation of operational groups (HR, Accounting, Marketing, etc.) within business units to assure accountability; an expense level discipline program; major vendor contract re-negotiation to more fully realize benefits of scale; and tighter utilization management. The 1999 PeopleSoft roll-out is anticipated to provide the Company with vital real-time visibility into financial results.

- . Expand Solutions Business and Increase Scalability. Renaissance management believes that opportunity exists in the Solutions Groups' markets. The Company continues to develop a broad range of services intended to offer considerable value to clients.
- . Leverage Existing Relationships. Renaissance management believes that the combined organization offers a unique value proposition to clients. Through firmly established existing client relationships, the Company believes it can increase market share by offering the expanded array of client services to clients already familiar with the organization.
- . Aggressively Build Sales and Marketing Capabilities. Through an expanded, dedicated sales force and strategic partnerships with technology industry leaders, management expects to aggressively build market share in the solutions business and throughout the Company.
- . Support, Develop and Continue to Offer Increasing Opportunity to Professional Staff. Management believes that Renaissance has assembled a world-class professional staff. A strategic part of growing the organization is the retention of best-in-class individuals and the advancement of leadership at all levels. The expanded organization and history of continued rapid growth have provided professional staff with an array of opportunities and challenges. Management believes that this trend will continue to enhance the Company's efforts to attract and retain top professional talent.
- . Offer Additional Services to Existing Client Base through Current Sales Structure. Renaissance intends to continue its practice of developing complementary services. Some of the key initiatives in this area include further development of E-business offerings, expansion of Business Strategy group's industry expertise in the areas of financial services and chemicals, and expansion of international recruiting capabilities.

Client Base

Renaissance focuses its sales efforts primarily on large organizations with complex business and technology needs. In the year ended December 26, 1998, approximately 18% of the Company's revenue was derived from its top 10 customers, none of which accounted for more than 10% of revenue. The primary industries served by Renaissance are communications, financial services, computing, manufacturing and the public sector.

Employees

As of December 26, 1998, Renaissance had approximately 6,000 employees, consisting of 2,900 salaried consultants, 2,000 hourly consultants and 1,100 branch, corporate and administrative staff. In addition, the Company had approximately 500 consultants working on an independent contractor basis as of such date. Renaissance is not a party to any collective bargaining agreements and considers its relationships with its employees to be satisfactory.

Executive Officers of the Registrant

The executive officers of Renaissance are as follows:

<TABLE>
<CAPTION>

Name	Age	Position
----	---	-----
<S>	<C>	<C>
G. Drew Conway.....	41	President, Chief Executive Officer and Director
Richard L. Bugley.....	55	Vice President, General Counsel and Clerk
Mark W. Biscoe.....	38	Co-President, IT Consulting Services Group
Christopher B. Egizi....	42	Co-President, IT Consulting Services Group
Mark R. Bruneau.....	37	President, Business Strategy Group
Terry L. Hunter.....	51	President, Enterprise Solutions Group and Director
Bradford S. Everett.....	48	President, Enterprise Applications
Gene A. DeLucia.....	47	President, Government Solutions Group

Mr. Conway is the founder of Renaissance, and has served as President, Chief Executive Officer and Director of the Company since its incorporation in May 1986 and as Treasurer from such date until March 1996.

Mr. Bugley has served as General Counsel of Renaissance since May 1996 and as Vice President since December 1997. From September 1993 until May 1996 he was General Counsel and Secretary of Banyan Systems, Inc., a manufacturer and supplier of network operating systems and services. From September 1992 until May 1993 he was Vice President and General Counsel of Loyalty Management Group, Inc., a consumer marketing company. Mr. Bugley has been a member of the Massachusetts Bar since 1979.

Mr. Biscoe has served as Co-President, IT Consulting Service Group, since October 1998, Vice President, Northeast Region, since July 1996, and Vice President, New England, from November 1995 to July 1996. Mr. Biscoe joined the Company in March 1992 and has served as Branch Manager of the Newton office and Manager of the national resource delivery team division of the ITCS Group. From 1990 until 1992, Mr. Biscoe served as Branch Manager of Triple T, Inc., a technical staffing company.

Mr. Egizi has served as Co-President, IT Consulting Services Group, since October 1998, and Vice President, Midwest Region, since January 1994. Mr. Egizi was a founding staff member of the Company in 1986 and has served as Vice President, Strategic Corporate Services, Branch Manager of the Newton office and Manager of the national resource delivery team division of the ITCS Group.

Mr. Hunter has served as President of the Enterprise Solutions Group since the acquisition of The Hunter Group, Inc. in November of 1997. Mr. Hunter served as President, Chief Executive Officer and a Director of The Hunter Group, Inc. since its formation in 1983. Prior to founding The Hunter Group, Inc., Mr. Hunter consulted with various companies and software vendors on the design and development of human resources systems.

Mr. Bruneau has served as President of the Business Strategy Group since October 1998. Prior to October, Mr. Bruneau served as head of the Global Communication and Computing Sector of the Strategy Group. Prior to founding the COBA-Boston subsidiary in 1991, Mr. Bruneau was with Mercer Management Consulting, focusing on industry analysis and competitive strategy development in the computer and telecommunications industries. Before joining Mercer, he was assistant to the President at Bell Canada International, Inc.

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Mr. Everett has served as President of Enterprise Applications since January 1999 and Senior VP and COO for The Hunter Group from 1996 to 1998. He joined The Hunter Group as Vice President for the Western Region and Asia Pacific in 1995. Mr. Everett brings over 24 years of organizational and project management experience to Renaissance in addition to an extensive systems implementation track record. From 1990 to 1995 Mr. Everett served as Vice President of Professional Services for Walker Interactive Systems and from 1988 to 1990 as Senior Manager for Price Waterhouse LLP.

Mr. DeLucia has served as President and Managing Partner of the Government Solutions Group since 1996. Prior to joining Renaissance, Mr. DeLucia was President of Strategic Visions, Inc. from 1996 to 1998, and President of the Information Technology Division for Maximus, Inc. from 1987 to 1996.

Each officer serves at the discretion of the Board of Directors. There are no family relationships among any of the directors and executive officers of Renaissance.

ITEM 2. PROPERTIES

Renaissance's principal executive offices are located in Newton, Massachusetts, in approximately 30,000 square feet of leased office space, under leases that expire on September 30, 2010, from the 189 Wells Avenue Realty Trust (the "Realty Trust"), of which G. Drew Conway is the sole beneficiary and an officer of the Company is the sole trustee. See Note 5 to Item 6, "Selected Consolidated Financial Data," and Note 16 to Consolidated Financial Statements. Additional executive office space is located in approximately 40,000 square feet of leased space in Lincoln, Massachusetts. Renaissance occupies these premises under a lease expiring in August 1999.

In June 1998, the Company entered into a ten year agreement to lease 200,000 square feet in Waltham, Massachusetts in a building currently under

construction, which is to be the site of the Company's new headquarters. The Company expects to consolidate six offices located around Massachusetts (including the Lincoln and Newton locations) into this new location and to sublet approximately 45,000 square feet of this space. The construction is scheduled for completion in September of 1999.

In August 1998, the Company entered into a twenty year agreement to lease 30,000 square feet in London, England to consolidate multiple branch locations operating in the city.

The Company also maintains offices and leases office space in the various locations throughout the world in which it maintains branch offices. Renaissance believes that its facilities are adequate for its current operations, but there can be no assurance that the Company will be able to lease space on acceptable terms to accommodate future growth.

ITEM 3. LEGAL PROCEEDINGS

From time to time, Renaissance is involved in litigation relating to claims arising out of its operations in the normal course of business. The Company is not currently involved in any legal proceedings the resolution of which, in management's opinion, would have a material adverse effect on the Company's business, financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the Nasdaq National Market under the symbol "REGI". The following table sets forth the high and low sales prices of The Company's common stock for the periods indicated:

<TABLE>
<CAPTION>

Quarter	High	Low
-----	-----	-----
<S>	<C>	<C>
Fiscal 1997		
First Quarter.....	\$17.125	\$ 12.25
Second Quarter.....	\$26.625	\$ 17.25
Third Quarter.....	\$24.875	\$ 17.75
Fourth Quarter.....	\$ 28.50	\$17.375
Transition Period Ended December 27, 1997		
First Quarter.....	\$ 27.00	\$19.563
Second Quarter.....	\$ 24.75	\$18.875
Fiscal 1998		
First Quarter.....	\$ 31.75	\$ 20.75
Second Quarter.....	\$ 28.94	\$ 16.75
Third Quarter.....	\$ 23.06	\$ 8.56
Fourth Quarter.....	\$ 15.06	\$ 5.38

</TABLE>

The stock prices shown above have been adjusted to reflect the two-for-one stock split effected as a stock dividend that was paid on March 24, 1998.

Holder of Record

On March 25, 1999 there were approximately 125 holders of record of Renaissance's common stock.

Dividends

America's Registry, Inc., a wholly-owned subsidiary of Renaissance ("America's Registry") paid cash dividends in the approximate aggregate amount of \$862,000 to Mr. Conway in December 1995, of which amount \$645,000 was immediately used to repay certain indebtedness of Mr. Conway to the Company.

The Company currently intends to retain future earnings, if any, to fund the development and growth of its business and does not anticipate paying any cash dividends on its common stock in the foreseeable future. In addition, the Company's revolving line of credit agreements prohibit the payment of

dividends without consent of the lender. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Sales of Unregistered Securities

On March 31, 1998 and April 2, 1998, the Company issued and sold 2,113,840 and 2,440,920 shares of common stock to the former shareholders of Neoglyphics Media Corporation and Triad Data, Inc., respectively, in connection with these acquisitions. There were no underwriters involved in these sales. The Company relied on the exemption from registration under Section 4(2) of the Securities Act of 1933.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

During the Company's fiscal year ended June 28, 1997 and the six-month transition period ended December 27, 1997, the Company acquired Application Resources, Inc. ("ARI"), Shamrock Computer Resources, Ltd. ("SCR"), Renaissance Solutions, Inc. ("RSI") and The Hunter Group, Inc. ("Hunter") in transactions accounted for as poolings of interest. In the second quarter of fiscal 1998, the Company acquired Triad Data, Inc. ("Triad") and Neoglyphics Media Corporation ("Neoglyphics") in transactions also accounted for as poolings of interest. Each of the acquired companies had a fiscal year that ended in December. The Statement of Operations Data and Balance Sheet Data for the Company's fiscal years presented below give effect to these acquisitions by combining their financial position as of the date shown and their results of operations for the twelve months ended on that date with those of the Company, as shown in the following table. For the transition period, the Statement of Operations Data and Balance Sheet Data reflect the results of operations for the six months ended December 27, 1997 and the financial position on that date for all the companies.

<TABLE>
<CAPTION>

	Renaissance (The Registry)	ARI	SCR	RSI	Hunter	Triad	Neoglyphics
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Fiscal 1993.....	May 31, 1993	--	Dec. 31, 1993	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1993	--
Fiscal 1994.....	May 31, 1994	Dec. 31, 1994 (a)	Dec. 31, 1994	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1994	--
Fiscal 1995.....	June 24, 1995	Dec. 31, 1995	Dec. 31, 1995	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1995	Dec. 31, 1995 (b)
Fiscal 1996.....	June 29, 1996	June 30, 1996	June 30, 1996	Dec. 31, 1996	Dec. 31, 1995	Dec. 31, 1996	Dec. 31, 1996
Fiscal 1997.....	June 28, 1997	June 30, 1997	June 30, 1997	June 30, 1997	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1997

- (a) ARI commenced operations as a separate entity on October 1, 1994. The results of operations for 1994 include the three months ended December 31, 1994.
- (b) Neoglyphics commenced operations as a separate entity in February 1995. The results of operations for 1995 include the 11 months ended December 31, 1995.

The following table sets forth, on the basis described above, certain selected consolidated financial data of the Company. The selected consolidated financial data should be read in conjunction with "Managements Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto.

<TABLE>
<CAPTION>

	Year Ended				Transition Period Ended	Year Ended
	May 31, 1994	June 24, 1995 (1) (2)	June 29, 1996 (2) (5)	June 28, 1997 (2) (4)	December 27, 1997	December 26, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:						
Revenue.....	\$123,447	\$221,957	\$333,063	\$489,833	\$320,119	\$776,314
Cost of revenue.....	88,703	156,913	232,496	342,422	215,695	528,059

Gross profit.....	34,744	65,044	100,567	147,411	104,424	248,255
Selling, general and administrative expenses.....	27,031	50,344	76,794	108,642	81,686	222,998
Acquisition-related expenses(3).....	--	--	3,524	8,268	17,961	6,904
Restructuring and other asset writedowns(6)....	--	--	--	--	--	36,089
	-----	-----	-----	-----	-----	-----
Income (loss) from operations.....	7,713	14,700	20,249	30,501	4,777	(17,736)
Interest and other income (expense), net..	(901)	(804)	(773)	3,267	(678)	(5,185)
	-----	-----	-----	-----	-----	-----
Income (loss) before taxes.....	6,812	13,896	19,476	33,768	4,099	(22,921)
Provision for income taxes.....	619	3,607	7,456	16,594	8,330	8,425
	-----	-----	-----	-----	-----	-----
Net income (loss).....	\$ 6,193	\$ 10,289	\$ 12,020	\$ 17,174	\$ (4,231)	\$ (31,346)
	=====	=====	=====	=====	=====	=====
Net income (loss) per share--basic.....	\$ 0.17	\$ 0.25	\$ 0.28	\$ 0.34	\$ (0.08)	\$ (0.57)
Weighted average common shares outstanding--basic.....	36,027	40,776	42,885	50,495	54,537	55,418
Net income (loss) per share--diluted.....	\$ 0.17	\$ 0.24	\$ 0.26	\$ 0.31	\$ (0.08)	\$ (0.57)
Weighted average common and potential common shares outstanding--diluted.....	36,749	43,013	46,862	54,607	54,537	55,418
Distributions.....	\$ 530	\$ 4,372	\$ 2,958	\$ 3,465	\$ 925	\$ --

Balance Sheet Data:

Cash and cash equivalents.....	\$ 3,222	\$ 8,067	\$ 64,507	\$ 30,013	\$ 19,956	\$ 10,957
Working capital.....	7,842	26,958	113,147	134,023	75,411	58,530
Total assets.....	36,747	75,835	168,024	256,921	316,177	372,065
Total debt, including current portion.....	13,469	25,016	11,198	12,021	49,928	96,899
Stockholders' equity....	10,670	33,346	123,743	197,092	193,895	179,785

</TABLE>

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- (1) Renaissance changed its fiscal year end from May 31 to the last Saturday in June, effective with the fiscal year ended June 24, 1995. Accordingly, the June 1994 results are not included in the data presented above.
 - (2) Statement of Operations Data for the years ended June 24, 1995, June 29, 1996, June 28, 1997 and December 26, 1998 are for 52, 53, 52 and 52 weeks, respectively.
 - (3) Represents transaction and other related costs associated with acquisitions accounted for as poolings of interests.
 - (4) In August 1996, ARI received a settlement of \$1.6 million from its insurance company for payment of defense costs and related expenses associated with certain litigation. This amount, less related expenses, has been included in interest and other income (expense), net, in the Statement of Operations Data above.
 - (5) In conjunction with the renegotiation of Renaissance's lease with a real estate trust of which Mr. Conway is the sole beneficiary and an officer of the Company is the trustee (the "Realty Trust"), the accounts of the Realty Trust have been consolidated with those of Renaissance, commencing September 19, 1995. See Note 16 to Consolidated Financial Statements.
 - (6) Includes a \$27.1 million charge for the write-down of goodwill and other assets in the Company's COBA U.K. and Technomics businesses and a \$9.0 million charge for other restructuring expenses, primarily severance.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Since its initial public offering in June 1996, the Company has executed an aggressive acquisition strategy acquiring twenty-three companies, significantly expanding the Company's national and international presence and increasing the number of management consulting and IT service offerings provided by the Company. With the growth came a reorganization of the

Company's structure into four business segments: Business Strategy, Enterprise Solutions Group, Government Solutions Group and Information Technology Consulting Services ("ITCS"); and a renaming of the Company to Renaissance Worldwide, Inc. to reflect the Company's expanded international presence and broader range of consulting services.

Five of these acquisitions were completed during fiscal 1998. Exad Galons and Hackenberg and Partners were acquired in the first quarter of fiscal 1998 expanding the international presence of the Enterprise Solutions Group. Neoglyphics Media Corporation ("Neoglyphics") and Triad Data Corporation ("Triad") were acquired in the second quarter of fiscal 1998 with Neoglyphics adding Internet development and e-commerce services to the Enterprise Solutions Group and Triad further expanding the Information Technology Consulting Services Group. In the third quarter of fiscal 1998, International Public Access Technologies ("IPAT") was acquired and added to our 1997 acquisition, Eligibility Management Systems, to form the Company's Government Solutions Group.

Consulting services performed are billed either on a time and materials basis, as is the case with the ITCS Group and certain sectors of the Solutions Groups, or on a fixed price basis for the remainder of the Solutions Groups and the Business Strategy Group. Revenue for fixed price contracts is recognized using the percentage of completion method based upon the number of labor hours incurred compared to the total estimated labor hours at estimated realizable rates. Under the percentage of completion method, the Company must estimate the percentage of completion of each project at the end of each financial reporting period. Estimates are subject to adjustment as a project progresses to reflect changes in projected completion costs or dates. The cumulative effect of any revision in estimates of the percentage of completion, or the effect of identifiable losses on cost over-runs, is reflected in the financial reporting period in which the change in the estimate or the loss becomes known. The Company mitigates the risk of losses for cost over-runs by subdividing its projects into smaller phases. In these cases, the Company and its clients agree on a fixed price and fixed time frame before beginning each phase of the project. These agreements may be revised, by mutual agreement, when a significant change in the scope or cost of a phase arises that neither the Company nor the client had anticipated. Because the Company bears the risk of cost over-runs and inflation associated with fixed-price, fixed-time frame projects, the Company's operating results may be adversely affected by inaccurate estimates of contract completion costs and dates.

Because revenue is recognized only when consultants are working, operating results are adversely affected when client facilities are closed due to holidays or inclement weather. The Company experiences a certain amount of seasonality in the quarter ended the last Saturday in December due to the number of holidays falling in the quarter and shutdowns by certain customers for the holiday week. In addition, lower gross margins are experienced in the first quarter of the calendar year due primarily to the timing of unemployment tax accruals and, to a lesser extent, social security taxes.

Revenue growth is achieved by increasing the number of projects or consultants on engagements and, to a lesser extent, by increasing average bill rates. Gross margin increases are achieved primarily by increasing the utilization of the salaried consultants, and to a lesser extent, by increasing the bill rates of hourly consultants and increasing the amount of revenue generated by the Business Strategy and Solutions Groups. The Business Strategy and Solutions Groups generally obtain higher gross margin percentages than the ITCS Group for a variety of reasons.

As a result of the number of acquisitions and expansion since June 1996, the Company has increased its IT, human resources, legal, marketing and finance infrastructure and expanded the number and size of branch facilities to accommodate growth. These measures have resulted in increased selling, general and administrative

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expenses. Delays in integrating the back office operations of certain acquisitions have resulted in some redundant expenditures, increasing selling, general and administrative expenses. In January 1999, the Company consolidated certain back office operations in order to reduce these expenditures and streamline processes.

The Company is currently reviewing its IT infrastructure for year 2000 considerations and capacity given the recent growth and anticipated growth in the next five years. The Company is also converting its enterprise-wide financial and human resource systems to the PeopleSoft system. The Company

expects a significant benefit by conforming all accounting and human resource systems to PeopleSoft, allowing for additional capacity without additional headcount, a reduction of manual input, as well as expanded and more timely reporting of financial information. The Company is staffing the PeopleSoft project internally. While using internal resources reduces the overall costs of this project, the Company will experience some decrease in the billable utilization of its consultants as a result of using these resources on internal projects.

Recent Acquisitions

In March 1998 the Company, through a wholly-owned subsidiary, acquired all of the outstanding stock of Neoglyphics Media Corporation ("Neoglyphics"). Neoglyphics is an Internet development and applications company based in Chicago, Illinois and is the foundation of the e-commerce business unit within the Enterprise Solutions Group. Pursuant to the agreement and plan of merger, each share of Neoglyphics was converted into the right to receive .12495 shares of Renaissance common stock. Renaissance also assumed outstanding options for the purchase of Neoglyphics common stock at the same conversion ratio.

In April 1998 the Company, through a wholly-owned subsidiary, acquired all of the outstanding stock of Triad Data, Inc. ("Triad"). Triad is an information technology consulting firm performing services similar to those of the ITCS Group of the Company. Pursuant to the agreement and plan of merger, each share of Triad common stock was converted into the right to receive 24,409.2 shares of Renaissance common stock.

In total 4,554,760 shares of the Company's Common Stock were exchanged for all of the outstanding common stock of Neoglyphics and Triad. In addition, outstanding stock options to purchase Neoglyphics common stock were converted into options to purchase 119,940 shares of the Company's common stock. These transactions have been accounted for as poolings-of-interests and, therefore, the financial statements of the Company have been restated to include the financial condition, results of operations and cash flows of these two companies for all periods presented. The Company incurred \$6.9 million in acquisition-related expenses in the second quarter of 1998 related to these transactions.

In addition, in fiscal 1998, the Company acquired three companies accounted for as purchases: Exad Galons; Hackenberg and Partners; and IPAT. Renaissance paid an aggregate of \$12.5 million in cash for these acquisitions. In addition, the Company may be obligated to pay contingent cash consideration over the next three years based upon the future operating results of the acquired entities. The purchase price has been allocated to the assets acquired and liabilities assumed based upon their fair values as of the respective dates of acquisition. The excess of the consideration paid over the estimated fair value of net assets acquired has been recorded as goodwill. The results of operations for these acquisitions have been included in Renaissance's results of operations from the respective dates of acquisition.

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Additional Selected Consolidated Financial Data

The following table sets forth certain consolidated financial data of the Company. This data is presented to reflect the comparative periods discussed in the following analysis.

<TABLE>
<CAPTION>

	Six Months Ended		Twelve Months Ended	
	December 28, 1996 (Unaudited)	December 27, 1997	December 27, 1997 (Unaudited)	December 26, 1998
<S>	<C>	<C>	<C>	<C>
Revenue	\$214,774	\$320,119	\$595,178	\$776,314
Cost of revenue	150,052	215,695	408,065	528,059
	64,722	104,424	187,113	248,255
Selling, general and administrative expenses	50,200	81,686	140,134	222,998
Acquisition-related expenses	8,662	17,961	17,561	6,904
Restructuring and other				

asset writedowns	--	--	--	36,089
Income (loss) from operations	5,860	4,777	29,418	(17,736)
Interest expense	1,829	(678)	(11)	(5,185)
Income (loss) before taxes	7,689	4,099	29,407	(22,921)
Income tax provision	6,035	8,330	18,119	8,425
Net income (loss)	\$ 1,654	\$ (4,231)	\$ 11,288	\$ (31,346)

</TABLE>

Twelve months ended December 26, 1998 and December 27, 1997

Revenue: Revenue increased 30.4% to \$776.3 million for the twelve months ended December 26, 1998 from \$595.2 million for the twelve months ended December 27, 1997. The increase was attributable primarily to increases in the revenues of the ITCS Group, whose revenues comprised 68% of the total revenues for the twelve months ended December 26, 1998. The ITCS Group's revenues increased by \$108.2 million or 25.1% in the period due to growth within existing branch offices. The Business Strategy Group, which comprised 8% of Renaissance's total revenues, experienced revenue increases of 3.6% to \$66.2 million for the twelve months ended December 26, 1998 from \$63.9 million for the twelve months ended December 27, 1997. This increase was attributable primarily to increases in revenues of the COBA Boston subsidiary whose revenues increased 24% or \$4.4 million in fiscal 1998. These increases were mitigated by slower growth and reduced revenues in certain other areas of the Company's North American and European strategy branches. In the restructuring of the Company's operations in the third quarter of fiscal 1998, certain domestic strategy offices were closed and the consultants were either terminated or transferred to other Strategy units. In the fourth quarter of fiscal 1998, in anticipation of the sale of certain of the under performing European strategy units, the Company accrued certain severance costs and wrote down non-recoverable goodwill on these units. Revenues from the Enterprise Solutions Group increased \$65.3 million or 67.0% to \$162.7 million in the period due to an increase in the overall number of engagements, the acquisition of Exad Galons and Hackenberg and the creation of additional service offerings during the year. Revenues from the Company's Government Solutions Group increased 461% to \$19.9 million from \$3.5 million in the comparable prior period. These increases are attributable primarily to the addition of the IPAT acquisition in July of 1998 and the full year impact of the EMS acquisition acquired in August of 1997.

Gross Profit: Gross profit increased 32.7% to \$248.3 million for fiscal 1998 from \$187.1 million in the twelve months ended December 27, 1997. As a percentage of revenue, gross profit increased to 32.0% in fiscal 1998 from 31.4% in the twelve months ended December 27, 1997. This increase is attributable to the number of higher margin solutions and strategy projects and the increased utilization and number of salaried consultants as compared with the prior period.

Selling, General and Administrative Expenses: Selling, general and administrative expenses, excluding acquisition-related expenses and restructuring and other asset writedown charges, increased by 59.2% to \$223.0 million in fiscal 1998 from \$140.1 million in the twelve months ended December 27, 1997. As a percentage of revenue, selling, general and administrative expenses increased to 28.7% of revenue for fiscal 1998 from 23.5% for the comparable prior period. The increase was attributable to the additional costs necessary to support the

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growth in the Company's business and professional staff, increases in the size and number of facilities, investments in upgrading the Company's telecommunications networks and systems and additional provisions to the allowance for doubtful accounts. In addition, the Company experienced increases in amortization of goodwill due to the acquisitions made during fiscal 1997 and 1998.

Acquisition-related Expenses: The Company incurred acquisition-related expenses in fiscal 1998 of \$6.9 million as a result of the acquisitions of Neoglyphics and Triad in the second quarter. Acquisition-related expenses of \$18.0 million in the twelve months ended December 27, 1997 resulted from the acquisitions of RSI and Hunter during the period. These costs represent investment banking, accounting, printing, and legal costs. Costs were higher for the RSI and Hunter acquisitions due to their relatively larger size.

Restructuring charges and other asset writedowns: The restructuring and other asset write-downs of \$36.1 million in 1998 included a \$21.4 million charge for the write-down of goodwill in the Company's COBA U.K. business and a \$5.7 million charge for the write-down of goodwill and other assets associated with the Company's Technomics business, both recorded in the fourth quarter of 1998. In connection with certain business unit and functional realignments made by the Company, a decision was made to dispose of these non-performing strategy business units. No proceeds are anticipated from the discontinuance of these business units.

Net restructuring and other asset write-downs also included \$9.0 related to a restructuring plan designed to focus the Company on the new corporate strategy and eliminate redundant facilities and personnel recorded in the third quarter of 1998. Details of the charges and the activity recorded during 1998 are as follows:

<TABLE>
<CAPTION>

	Discontinuance And Consolidation Of Offices	Severance and Other Costs	Write-down of Equipment and Other Assets	Total Costs
<S>	<C>	<C>	<C>	<C>
Total restructuring and other asset write-downs..	\$1,254	\$4,198	\$3,528	\$8,980
Total charges through year-end.....				
Non-cash costs.....	--	--	2,938	2,938
Payments.....	205	2,965	--	3,170
	-----	-----	-----	-----
Balance, December 27, 1998.....	\$1,049	\$1,233	\$ 590	\$2,872
	=====	=====	=====	=====

</TABLE>

The write-down of equipment and other assets relates primarily to impaired software and other computer equipment resulting from the reorganization. Charges for the discontinuance and consolidation of offices are related to future lease payments related to vacated properties in excess of estimated sublease income. Severance and other costs include expenses related to the termination of approximately 50 employees, primarily in certain business initiatives the Company decided to exit, and amounts owned under recruiting contracts for individuals or positions which were terminated.

The Company currently expects the remaining restructuring accrual to be utilized, primarily through cash disbursements funded from operations or the use of additional borrowings, by the end of the second quarter of 1999. These restructuring activities are expected to result in future savings in 1999 of approximately \$7.5 million.

Interest and Other Income (Expense), Net: Interest and other income (expense), net changed by \$5.2 million from \$11,000 in expense for the twelve months ended December 27, 1997 to \$5.2 million in expense in fiscal 1998. This decrease was a result of increased borrowings under the Company's line of credit during fiscal 1998 to fund acquisitions, earnout payments and working capital expenditures. The Company had lower borrowings under its line of credit in 1997 as a result of cash received in a public offering of the Company's common stock in February 1997.

Six Months Ended December 27, 1997 and December 28, 1996

Revenue: Revenue increased 49% to \$320.1 million for the six months ended December 27, 1997 from \$214.8 million for the six months ended December 28, 1996. The increase was attributable primarily to increases in the revenues of the ITCS Group, whose revenues comprised 71.4% of the total revenues for the six months

ended December 27, 1997. The ITCS Group's revenues increased by \$59.7 million, or 35.4%, in the period due to growth within existing branch offices, as well as growth resulting from having the revenues of acquisitions made during the six months ended December 1996 in the results of operations for the entire period of 1997. The Business Strategy Group, which comprised 11.6% of Renaissance's total revenues, experienced revenue increases of 100.8% to \$37.0 million for the six months ended December 27, 1997 from \$18.6 million for the six months ended December 28, 1996. The increases were a result of greater

utilization of the salaried consultants as well as the addition of certain acquisitions in the third quarter of fiscal 1997. Revenues from the Enterprise Solutions Group increased \$24.1 million, or 86.7%, to \$51.9 million in the period due to an increase in the overall number of engagements over the prior period. Revenues from the Government Solutions Group were \$3.5 million. This was the first year of the Government Solutions Group operations which commenced upon acquisition of EMS in August 1997.

Gross Profit: Gross profit increased 61% to \$104.4 million for the six months ended December 27, 1997 from \$64.7 million in the comparable prior period. As a percentage of revenue, gross profit increased to 32.6% in the six months ended December 27, 1997 from 30.1% in the six months ended December 28, 1996. This increase is attributable to the increased number of higher margin solutions and strategy projects and the increased utilization of the salaried consultants as compared with the prior period.

Selling, General and Administrative Expenses: Selling, general and administrative expenses, excluding acquisition-related expenses, increased by 63% to \$81.7 million in the six months ended December 27, 1997 from \$50.2 million in the six months ended December 28, 1996. As a percentage of revenue, selling, general and administrative expenses increased to 25.5% of revenue for the six months ended December 27, 1997 from 23.4% in the six months ended December 28, 1996. This increase was attributable to the additional costs necessary to support the growth in the Company's business and professional staff, increases in facilities and investments in upgrading the Company's telecommunications networks and systems, as well as increases in amortization of goodwill due to the additional acquisitions made during fiscal 1997 and the transition period ended December 27, 1997.

Acquisition-Related Expenses: The Company incurred acquisition-related expenses in the six months ended December 27, 1997 of \$18.0 million as a result of its acquisitions of RSI and Hunter during the period. Acquisition-related costs of \$8.7 million in the six months ended December 28, 1996 resulted from the acquisitions of Application Resources Inc. ("ARI"), Shamrock Computer Resources ("SCR") and International System Services Corporation ("ISS") during the period. These costs primarily represent investment banking, accounting, printing, and legal costs. Costs were higher for the RSI and Hunter acquisitions due to their relatively larger size.

Interest and Other Income (Expense), Net: Interest and other income (expense), net changed by \$3.3 million to \$0.7 million in expense in the six months ended December 27, 1997 from \$2.6 million in income in the six months ended December 28, 1996. The 1996 period included the receipt by ARI of approximately \$1.6 million in net proceeds from the settlement of certain litigation. In addition, amounts outstanding under the Company's lines of credit and other indebtedness were reduced during the 1996 period as a result of the receipt of the proceeds from the Company's initial public offering in June 1996 and from the proceeds from RSI's public offerings in May and November of 1996. Borrowings under the Company's line of credit increased during the period ended December 27, 1997.

Fiscal Years Ended June 28, 1997 and June 29, 1996

Revenue: Revenue increased 47% to \$489.8 million for fiscal 1997 from \$333.1 million in fiscal 1996. The increase was attributable primarily to increases in the revenues of the ITCS Group, which comprised 73.8% of the Company's total revenues for the fiscal year ended June 28, 1997. The ITCS Group's revenue increased by \$107.5 million, or 42.3%, in the period due to growth within the existing branch offices, the continued maturation of newer branch offices and the addition of new branches resulting from acquisitions accounted for as purchases completed during the year, all of which resulted in a greater number of IT professionals placed during the period. The Business Strategy Group, which comprised 9.3% of Renaissance's total revenues,

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experienced revenue increases of \$10.5 million, or 30.2%, during the fiscal year ended June 28, 1997. Revenues from the Enterprise Solutions Group increased \$38.7 million, or 87.2%, in the period due to an increase in the overall number of engagements and the enhanced performance of Hunter's UK subsidiary which commenced operations in September 1995.

Gross Profit: Gross profit increased 47% to \$147.4 million for fiscal 1997 from \$100.6 million in fiscal 1996. As a percentage of revenue, gross profit decreased slightly to 30.1% in fiscal 1997 from 30.2% in fiscal 1996.

Selling, General and Administrative Expenses: Selling, general and administrative expenses, excluding acquisition-related expenses, increased by

41% to \$108.6 million in fiscal 1997 from \$76.8 million in fiscal 1996. As a percentage of revenue, selling, general and administrative expenses decreased to 22.2% of revenue for fiscal 1997 from 23.1% in fiscal 1996. This decrease was attributable to the increase in total revenues during a period in which, other than through acquisition, there was limited branch expansion. The total increase in the selling, general and administrative expenses is a result of additional costs necessary to support the growth in the Company's business and professional staff, increases in facilities and investments in upgrading the Company's telecommunications networks and systems.

Acquisition-Related Expenses: The Company incurred acquisition-related expenses in fiscal 1997 of \$8.3 million in connection with its acquisitions of International Systems Services Corporation ("ISS"), ARI, and SCR during the period. The Company incurred acquisition-related expenses in fiscal 1996 of \$3.5 million in connection with its acquisition of ISS.

Interest and Other Income (Expense), Net: Interest and other income (expense), net increased \$4.0 million to \$3.3 million in income in fiscal 1997 from \$0.8 million in expense in fiscal 1996. The 1996 period included the receipt by ARI of approximately \$1.6 million in net proceeds from the settlement of certain litigation. In addition, amounts outstanding under the Company's lines of credit were reduced during the year upon receipt of the proceeds from the Company's initial public offering in June 1996 and its subsequent offering in February of 1997 and from the proceeds from RSI's public offerings in May and November of 1996. The remaining proceeds from these offerings also generated increased interest income.

Quarterly Results

The following table sets forth certain unaudited quarterly operating information for each of the ten quarters ending with the quarter ended December 26, 1998, in dollars and as a percentage of revenue. These data have been prepared on the same basis as the audited financial statements and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the information for the periods presented, when read in conjunction with Renaissance's Consolidated Financial Statements and related Notes thereto. Results for any previous fiscal quarter are not necessarily indicative of results for the full year or for any future quarter.

<TABLE>
<CAPTION>

	Three Months Ended				
	September 1996	December 1996(1)	March 1997	June 1997	September 1997(2)

	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenue.....	\$101,975	\$112,799	\$131,820	\$143,239	\$155,953
Gross profit.....	29,416	35,306	41,808	40,881	51,386
Income (loss) from operations.....	5,194	666	13,814	10,827	2,158
Net income (loss).....	4,259	(2,605)	8,493	7,027	(2,719)
Net income (loss) per share--basic.....	\$ 0.09	\$ (0.05)	\$ 0.17	\$ 0.13	\$ (0.05)
Net income (loss) per share--diluted.....	\$ 0.08	\$ (0.05)	\$ 0.16	\$ 0.12	\$ (0.05)
As a Percentage of Revenue:					
Revenue.....	100%	100.0 %	100.0%	100.0%	100.0 %
Gross profit.....	28.8%	31.3 %	31.7%	28.5%	32.9 %
Income from operations.....	5.1%	0.6 %	10.5%	7.6%	1.4 %
Net income (loss).....	4.2%	(2.3)%	6.4%	4.9%	(1.7)%

</TABLE>

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<TABLE>
<CAPTION>

	Three Months Ended				
	December 1997(3)	March 1998	June 1998(4)	September 1998(5)	December 1998(6)

	(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>

Revenue.....	\$164,166	\$175,364	\$196,467	\$209,073	\$195,410
Gross profit.....	53,038	58,296	67,074	71,392	51,492
Income (loss) from operations.....	2,619	11,570	10,234	11,115	(50,655)
Net income (loss).....	(1,512)	5,463	(439)	5,601	(41,971)
Net income (loss) per share--basic.....	\$ (0.03)	\$ 0.10	\$ (0.01)	\$ 0.10	\$ (0.75)
Net income (loss) per share--diluted.....	\$ (0.03)	\$ 0.09	\$ (0.01)	\$ 0.10	\$ (0.75)
As a Percentage of Revenue:					
Revenue.....	100.0 %	100.0%	100.0 %	100.0%	100.0 %
Gross profit.....	32.3 %	33.2%	34.1 %	34.1%	26.4 %
Income (loss) from operations.....	1.6 %	6.6%	5.2 %	5.3%	(25.9)%
Net income (loss).....	(0.9)%	3.1%	(0.2)%	2.7%	(21.5)%

</TABLE>

- (1) Includes transaction costs of \$8.4 million associated with the acquisitions of ARI, SCR, and ISS, each of which has been accounted for as a pooling-of-interests.
- (2) Includes transaction costs of \$11.2 million associated with the acquisition of RSI, which has been accounted for as a pooling of interests.
- (3) Includes transaction costs of \$6.8 million related to the acquisition of Hunter, which has been accounted for as a pooling of interests.
- (4) Includes transaction costs of \$6.9 million associated with the acquisitions of Neoglyphics and Triad, which have been accounted for as poolings-of-interests and a \$2.9 million charge associated with Triad's conversion from an S corporation to a C corporation.
- (5) Includes charges for restructuring and other asset writedowns of \$9.0 million which includes costs for severance, lease closures, and other writeoffs of non-performing assets.
- (6) Includes charges of \$27.1 million associated with the writeoff of goodwill and other costs associated with the Technomics and COBA-UK subsidiaries (see Note 8).

During the October to December quarter, the number of holidays and vacation days marginally reduces revenue. Some clients also close operations completely during the last week of the year. Renaissance also experiences a lower operating profit margin in the January to March quarter, in part as a result of higher unemployment tax accruals and, to a lesser extent, FICA taxes which are expensed as incurred. During this quarter, the unemployment tax, which is based on the first \$7,000-\$24,500 of wages for each employee, depending on the state, is significantly higher than other quarters.

Liquidity and Capital Resources

The Company has a line of credit facility in place which provides a borrowing base of 85% of eligible accounts receivable as defined, up to a maximum borrowing of \$85 million, payable on demand. Interest is payable monthly in arrears at the bank's prime rate plus .5% (9.0% at June 28, 1997, 9.0% at December 27, 1997, and 8.25% at December 26, 1998) or the LIBOR rate plus 2.5% (8.64% at June 28, 1997, 8.16% at December 27, 1997, and 7.71% at December 26, 1998), at the option of the Company. The line of credit is collateralized by all of the assets of the Company, excluding the assets of the Trust, contains certain restrictions, including limitations on the amount of distributions which can be made to stockholders, purchases of fixed assets, and loans which can be made to officers, and requires the maintenance of certain financial covenants.

This line of credit was scheduled to expire in February 1999 but was extended. This line was terminated on March 24, 1999.

In February of 1999, the Company entered into a new line of credit with a different bank to provide a borrowing base of 85% of eligible accounts receivable as defined, up to a maximum borrowing of \$110 million. Interest is payable monthly in arrears at the LIBOR rate plus 2.0% on the higher of the bank's prime rate or the

Fed Funds rate plus .50%, plus .75%, at the Company's option. The line is collateralized by all of the assets of the Company, contains certain restrictions, and requires maintenance of certain financial covenants. The new line of credit is for a 90 day term until syndication of a Senior Credit facility committed to by the bank consisting of a \$100 million Revolving Credit Facility and a \$50 million three year Term Loan Facility is executed.

The Company will incur certain underwriting and commitment fees in the first quarter of fiscal 1999 upon funding of this line as well as termination fees with the former bank upon payoff of the former line.

As of December 26, 1998, there was \$81.6 million outstanding with availability of \$3.4 million. The Line of Credit bears an interest rate of LIBOR plus 2.5% or the Bank of New York alternate base rate plus 0.5% at the Company's option.

The Company experienced negative cash flows from operations of \$28.0 million for the fiscal year ended December 26, 1998. The negative operating cash flows during this period are primarily due to a \$50.3 million increase in gross accounts receivable during the period. This increase was attributable primarily to increased revenues. Additionally, cash flows from operations were impacted by fluctuations in current and other assets and payable balances between the periods and changes in deferred taxes in the period. The operating cash flow decreases were mitigated by an \$18.4 million increase in accrued expenses due primarily to acquisition related and restructuring accruals and end of year bonus accruals.

The Company had negative cash flows from investing activities of \$34.6 million for the fiscal year ended December 26, 1998. The primary uses of cash for investing activities in the period were \$24.3 million paid for acquisitions and \$14.4 million in fixed asset purchases. This was mitigated by net proceeds from sales of marketable securities of \$5.8 million in the period.

The Company had cash provided by financing activities of \$53.6 million for the fiscal year ended December 26, 1998. The primary sources of cash from financing activities were \$47.4 million in net borrowings on the Company's lines of credit and \$10.6 million of cash received from employees to purchase stock or exercise options.

The Company anticipates that its primary uses of working capital in future periods will be for funding growth, either through acquisitions, the internal development of existing branch offices or the development of new branch offices and service offerings. The Company also anticipates making approximately \$13.0 million in capital expenditures over the next twelve months, primarily related to information systems. In connection with certain of its acquisitions, the Company may be obligated to make certain contingent payments over the next several years, including \$7.1 million which the Company currently is required to pay over the next 12 months. The Company does not believe that such payments would have a material impact on the Company's liquidity, results of operations or capital requirements. The Company's principal capital requirement is working capital to support the accounts receivable associated with its revenue growth. The Company believes that its new financing from Bank of America, together with cash flows from operations, will be sufficient to meet the Company's presently anticipated working capital needs for at least the next 12 months.

Foreign currency fluctuations and inflation did not have a significant impact on the Company for any of the periods presented.

Impact of the Year 2000 Issues

The "Year 2000" problem arose because many computer programs use only the last two digits to refer to a year. Therefore, date-sensitive software or hardware may not be able to distinguish between 1900 and 2000 and programs that perform arithmetic operations, comparisons or sorting of date fields may begin yielding incorrect results. The Year 2000 problem could potentially cause a system failure or miscalculations that could disrupt the Company's operations.

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The Company's State of Readiness. The Company has developed a Year 2000 remediation plan that involves three overlapping phases.

In the catalog phase, the Company has created an index of Year 2000 issues broken down into three functional areas:

- . Applications and information technology (IT) equipment--This area includes all mainframe, network and desktop hardware and software, including custom and packaged applications, and IT embedded systems.
- . Non-information technology (non-IT) embedded systems--These systems include non-IT equipment and machinery. Non-IT embedded systems, such as security, fire prevention and climate control systems, typically include

embedded technology, such as microcontrollers.

- . Vendor and customer relationships --These include significant third-party vendors and suppliers of goods and services, as well as vendor and supplier interfaces. These also include customers of the Company's products and services as well as customer interfaces and accounts receivable.

The Company completed the catalog phase in April of 1998.

In the analysis phase, the Company evaluated the catalogued items for Year 2000 compliance, determining the remediation method and resources required and developing an implementation plan. The Company completed the analysis phase in April 1998.

In the implementation phase, the Company will execute the implementation plan for all applicable hardware and software, interfaces and systems. This phase will involve replacing certain software and hardware not being upgraded, testing the implemented changes, using the changed procedures in actual operations, testing in a Year 2000-simulated environment and vendor and customer interface testing. After implementation, the Company intends to conduct live testing commencing in the second quarter 1999. All components of the implementation phase are expected to be completed by October 1, 1999.

The Company's remediation plan for its Year 2000 issues is an ongoing process and the estimated completion dates above are subject to change.

The Risk of the Company's Year 2000 Issues. Generally, the Company has completed an assessment of Year 2000 issues with respect to its business systems and has already begun to take actions to ensure their compliance. Plans and associated milestones are being executed to ensure that those business systems not currently certified as compliant are either upgraded to certified status or replaced well in advance of December 31, 1999. Based on the completed assessment, management does not expect that the costs of bringing the Company's systems into compliance with Year 2000 to have a material adverse effect on the Company's financial position, results of operations or liquidity. The Company does not believe that it is subject to significant business risks related to its customers' and suppliers' Year 2000 efforts.

The Company's Contingency Plans. The Company does not currently have contingency plans with respect to the Year 2000 problem. If the Company's implementation efforts fail or are no longer on schedule for completion the Company will divert its resources to contingency planning.

Costs to Address the Company's Year 2000 Issue. The total cost of the Company's remediation plan is estimated at approximately \$400,000 to \$600,000 and is being funded through operating cash flows. Of the total cost, approximately \$450,000 is attributable to new hardware and software that will be capitalized. The remainder will be expensed as incurred. It is impossible for the Company to completely account for the costs incurred in its remediation effort as many of its employees have focused and will continue to focus significant efforts in evaluating the Company's Year 2000 state of readiness and in remediating problems that have arisen, and will continue to arise, from such evaluation. Consultants' internal work for the Company negatively impacts the Company's ability to employ its consultants on billable projects externally which could have a material adverse effect on the Company's results of operations, financial position or cash flow.

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Factors That May Affect Future Results

We have divided the following discussion of factors that may affect the future results of our business between those that relate specifically to our Company and those that relate to companies in the IT services industry.

Risks relating specifically to our company

Our inability to manage growth could adversely affect our operating results

The significant growth of our business in recent years has placed significant demands on our managerial and other resources. Our ability to manage this growth effectively will require us to continue to improve our operating, financial and other internal systems. We will also have to improve our business development capabilities and train, motivate and manage an increasing number of employees. We currently rely on several different financial reporting systems to monitor and manage our financial performance.

These multiple systems are both inefficient and difficult to operate. We are implementing a new single financial reporting system, but that system is not yet in place. If we fail to implement this new system effectively or if we have difficulty transitioning to the new system, we will have difficulty managing the business, which could adversely affect our operating results and stock price. The significant growth in our business since June of 1996 has been coupled with significant increases in our selling, general and administrative expenses. Specifically, such expenses increased 41% from the fiscal year ended June 1996 to the fiscal year ended June 1997. Such expenses increased 63% from the six-month period ended December 1996 to the six-month period ended December 1997 and 59% from the year ended December 1997 to the year ended December 1998. Our failure to effectively control and curb the significant increase in our selling, general and administrative expenses could adversely affect our operating results and stock price.

Acquisitions involve many financial uncertainties as well as personnel contingencies and therefore can be risky and difficult to integrate

We have completed more than twenty acquisitions in the last two years. Acquisitions continue to be part of our growth strategy. Acquired businesses do not always generate the revenues or earnings that we thought they would and occasionally we find that they have unknown or undisclosed liabilities. When these situations occur, the Company's business is adversely affected.

We only receive the anticipated benefits from an acquisition when we successfully integrate it into our own business in a timely and non-disruptive manner. Integration requires substantial management attention. Difficulties we encounter integrating an acquired business can have an adverse effect on our business and operating results. If we fail to integrate the acquired business effectively, key employees of that business may leave, which can further complicate our integration efforts and jeopardize the anticipated benefits of the acquisition.

We depend on our relationship with PeopleSoft

The Hunter Group, the principal business in the Enterprise Solutions business unit, derives a substantial proportion of its revenue from its relationship with PeopleSoft, a provider of enterprise resource planning software that addresses broad functional areas such as human resources, finance, treasury and project management. Because The Hunter Group contributes a significant proportion of our operating profits, we are in part dependent on PeopleSoft's continued success. An adverse change in The Hunter Group's relationship with PeopleSoft could adversely affect our operating results. Any changes in PeopleSoft-sponsored programs or a loss of PeopleSoft certifications would adversely affect our business by reducing the number of client referrals and PeopleSoft engagements.

Our operating results fluctuate and our business is slightly seasonal

Our operating results have fluctuated from quarter to quarter as a result of many different factors, including the number, significance, mix and timing of client projects, the number of business days in a particular period,

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and general economic conditions. As our solutions business unit, which provides services principally on a project-by-project basis, grows and contributes a greater percentage of our revenues, we expect that greater variability in quarterly operating results may occur. Our business is also somewhat seasonal. We experience this seasonality in the fourth quarter because of an increased number of holidays in that quarter. Investors should not rely on operating results in any one quarter as an indicator of our future results.

Doing business internationally involves additional risks unique to foreign operations

We recruit consultants and generate a portion of our revenues from outside the United States. Foreign operations are subject, however, to special risks that can adversely affect revenues and profits. These risks include:

- . currency exchange rate fluctuations
- . labor strikes
- . political and economic disruptions
- . changes in government policies and regulatory requirements
- . tariff and trade barriers
- . immigration laws and regulations
- . potentially adverse tax consequences
- . exchange controls

Two officers control a substantial amount of our common stock

More than 35% of our common stock is held by Mr. Conway (25.5%), our chairman and chief executive officer, and Mr. Hunter (10.7%), president of The Hunter Group and a director. As a result, Messrs. Conway and Hunter would be able to significantly influence any matter requiring stockholder approval. This concentration of ownership could also have the effect of making it difficult for a third party to acquire control of the company and may discourage third parties from attempting to do so. Future sales of substantial amounts of this common stock, or the potential for such sales, may adversely affect the prevailing market price of the common stock.

Risks relating to the information technology services industry

All providers of IT services face similar risks and we are no exception. We discuss below the significant risks and how they affect our business.

Our business depends on attracting and retaining qualified IT professionals who are in high demand

Our business and future growth depend upon our ability to attract and retain experienced and skilled management consultants, IT professionals and IT project managers. Competition for these professionals is intense because the demand for them is greater than their current availability. Despite our best efforts, not all of our professionals will always be satisfied with our culture, compensation and benefits. This problem can be particularly troublesome with professionals of an acquired business who may have come from a corporate culture that is different than our's. There is great mobility among the employees that we need to attract. Many of our competitors have substantially greater financial and other resources than we do. They may offer these individuals more attractive compensation and benefits packages. If we do not recruit, train and maintain a sufficient number of professional personnel, we will not be able to satisfy our clients' demands for IT services and our business will be adversely affected.

IT projects are complex and subject us to non-payment and other financial risk

Many of our IT projects subject us to financial risks. These engagements often involve critical business processes and leading-edge software applications. Despite our best efforts, we may not always be able to satisfy a customer's expectations because software applications do not always work as expected. A customer's dissatisfaction could affect its willingness to pay us for these services, which would result in a financial loss on that project. Customer dissatisfaction can also damage our reputation and negatively affect our ability to attract new business. Even in situations where the scope of a project changes, as a result of customer demands or otherwise, we may not always be successful in obtaining a price adjustment as large as the one we seek. To the extent that projects are extended or enlarged without corresponding changes in fee schedules, our business would be adversely affected.

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Failure to remediate Year 2000 problems could lead to liability claims

Some of our clients have hired us to evaluate and remedy their Year 2000 problem. Many of these engagements involve projects that are critical to the client's operations and business. Despite our best efforts, because the Year 2000 problem is complex and because it is often associated with critical client systems or processes, we may be subject to claims from clients that we failed properly to evaluate or remedy the client's Year 2000 problem. In addition, we have written software code and performed services for our clients in the past that may still be in use but are not year 2000 compliant. Such past efforts may subject us to claims similar to those mentioned above despite the fact that we were not engaged to evaluate or remedy the clients year 2000 problems. Any claims with respect to year 2000 problems, whether meritorious or not, may adversely affect our business.

Demand for our IT services may decline after 2000

As the year 2000 approaches, many companies are evaluating their IT systems to decide whether to repair or replace applications that have Year 2000 operability issues. Although we believe that these evaluations are increasing the demand for our services in the short term, this demand will likely dissipate as Year 2000 issues are resolved. Given the lack of precedent for an issue of this magnitude, we cannot accurately forecast the effect of this

issue on quarter-to-quarter revenue achievement and our failure to estimate this forecast accurately could adversely affect our business.

Because we depend on key clients and have no long-term agreements the loss of a key client or clients would be significant

Although none of our clients accounts for more than 5% of the our revenues, the successive loss of one or more of our significant clients may adversely affect our business. In addition, we face pricing pressure from large clients who often seek reduced prices for a desired volume of business or from clients with whom we wish to maintain a preferred vendor status. Further, in virtually all cases a client can terminate our services agreements on short notice and without any penalty. If a number of these cancellations were to occur in a short time period, our business and operating results would be adversely affected in the short run.

Our business is subject to fluctuations in the general health of the economy

Demand for IT consulting services will be affected by the general health of the domestic and international economies. Some clients may reduce expenditures for information technology if they suffer slowdowns in their businesses due to a general slowing of the economy. This reduction in spending may require some clients to delay or cancel IT projects that we had been engaged to manage or on which our consultants may have been staffed. Fluctuations in the general economy that adversely affect the amount of money our clients are willing to spend on IT consulting or related services may adversely affect our business.

U.S. government limits on immigration restrict our ability to hire foreign nationals

Each year we hire IT professionals who are foreign nationals working in the United States under H-1B permits. Under current law, there is a fixed annual number of H-1B visas available for issuance. Once this limit has been reached, we are unable to hire additional foreign nationals until additional H-1B visas are made available in the next fiscal year. Because as we discuss above we are constantly seeking qualified IT professionals, these limitations on our ability to hire foreign nationals under H-1B visas may adversely affect our business.

The market for IT services is competitive

The market for IT services and management consulting services includes a large number of competitors and is highly competitive. Our competitors include "Big Five" accounting firms, systems consulting and integration firms, application software development firms, services divisions of computer equipment companies and general management consulting companies. Moreover, we often compete with the internal resources of our clients. The competitive nature of our marketplaces creates pricing pressures that which may adversely affect our business.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to a variety of risks, including foreign currency fluctuations and changes in interest rates on its borrowings. In the normal course of its business, the Company manages its exposure to these risks as described below. The Company does not engage in trading market risk sensitive instruments for speculative purposes.

Foreign Exchange

During 1998, less than 10% of the Company's business was transacted in currencies other than the U.S. dollar. The Company does not enter into forward exchange contracts as a hedge against foreign currency exchange risk on transactions denominated in foreign currencies or for speculative or trading purposes. The Company has performed a sensitivity analysis assuming a hypothetical 10% adverse movement in foreign exchange rates. As of December 26, 1998 the analysis demonstrated that such market movements would not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows. Actual gains and losses in the future may differ materially from this analysis based on changes in the timing and amount of foreign currency rate movements and the Company's actual exposures. The Company believes that its exposure to foreign currency exchange rate risk at December 26, 1998 was not material.

Interest Rates

As of December 26, 1998, the Company's exposure to market risk associated with changes in interest rates relates primarily to its debt obligations. A portion of the borrowings is denominated in foreign currencies which exposes the Company to risks associated with foreign exchange rates. At December 26, 1998 the fair value of the Company's long-term fixed-rate debt approximated fair value using quoted market prices where available. Market risk associated with the Company's long-term debt is the potential increase in fair value resulting from a decrease in interest rates.

The table below provides information about the Company's financial instruments that are sensitive to changes in interest rates. For debt obligations including the line of credit, the table presents principal cash flows and related weighted average interest rates by expected maturity dates.

<TABLE>
<CAPTION>

	December 26, 1998 Expected maturity date						Total
	1999	2000	2001	2002	2003	Thereafter	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term Debt:							
Fixed Rate.....	\$ 1,747,000	\$238,000	\$55,000	\$60,000	\$64,000	\$1,708,000	\$ 3,844,000
Average interest rate..	4.1%	7.2%	9.1%	9.1%	9.1%	9.1%	6.8%
Variable Rate.....	\$92,603,000	\$228,000					\$92,831,000
Average interest rate..	8.26%	8.26%					8.26%

</TABLE>

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ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

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<CAPTION>

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Report of Katch Tyson & Company.....	27
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Consolidated Balance Sheet as of June 28, 1997, December 27, 1997 and December 26, 1998.....	29
Consolidated Statement of Operations for the Years Ended June 29, 1996 and June 28, 1997, the Six Months Ended December 27, 1997 and the Year Ended December 26, 1998.....	30
Consolidated Statement of Changes in Stockholders' Equity for the Years Ended June 29, 1996 and June 28, 1997, the Six Months Ended December 27, 1997 and the Year Ended December 26, 1998.....	31
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</TABLE>

All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or the Notes thereto.

See selected unaudited quarterly financial data in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Renaissance Worldwide, Inc.

In our opinion, based upon our audits and the reports of other auditors, the consolidated financial statements listed in the index appearing under Item 8 on page 24 present fairly, in all material respects, the financial position of Renaissance Worldwide, Inc. and its subsidiaries (the "Company") at June 28,

1997, December 27, 1997 and December 26, 1998, and the results of their operations and their cash flows for each of the two years in the period ended June 28, 1997, for the six months ended December 27, 1997, and for the year ended December 26, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the results of operations of Renaissance Solutions, Inc., a wholly-owned subsidiary, for the year ended December 31, 1996, which are included in the accompanying consolidated statement of operations for the year ended June 29, 1996. We also did not audit the financial statements of Neoglyphics Media Corporation, a wholly owned subsidiary, as of December 31, 1997 and for the year ended December 31, 1997, which statements are included in the accompanying balance sheet as of June 28, 1997 and December 27, 1997 and in the accompanying consolidated statement of operations for the year ended June 28, 1997. We also did not audit the financial statements of Triad Data, Inc., a wholly owned subsidiary, as of December 31, 1997 and for each of the two years in the period ended December 31, 1997, which statements are included in the accompanying balance sheet as of June 28, 1997 and December 27, 1997 and in the accompanying consolidated statement of operations for the years ended June 29, 1996 and June 28, 1997, respectively. In the aggregate, these statements reflect total assets of \$17,787,000, in the accompanying consolidated balance sheet as of June 28, 1997 and December 27, 1997, and total revenues of \$74,454,000 and \$61,575,000 in the accompanying consolidated statement of operations for the years ended June 29, 1996 and June 28, 1997, respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Renaissance Solutions, Inc., Neoglyphics Media Corporation and Triad Data, Inc. for these periods is based solely on the reports of the other auditors. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Boston, Massachusetts
February 25, 1999, except
for the termination of the
line of credit described in
Note 9, which is as of March
24, 1999

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Renaissance Solutions, Inc.

We have audited the consolidated statements of operations, stockholders' equity and cash flows of Renaissance Solutions, Inc. and its subsidiaries (the "Company") for the year ended December 31, 1996 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of Renaissance Solutions, Inc. and its subsidiaries for the year ended December 31, 1996 in conformity with generally accepted accounting principles.

As described in Note 3, the consolidated financial statements of the Company

give retroactive effect to the acquisition of International Systems Services Corporation by the Company on December 31, 1996 as a pooling-of-interests.

Deloitte & Touche LLP

Boston, Massachusetts
February 28, 1997

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Neoglyphics Media Corporation

We have audited the accompanying statement of financial position of Neoglyphics Media Corporation as of December 31, 1997, and the related statements of income and cash flows for the year then ended (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neoglyphics Media Corporation at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Katch, Tyson & Company

Northfield, IL
March 12, 1998

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INDEPENDENT AUDITOR'S REPORT

To the Stockholder
Triad Data, Inc.

We have audited the accompanying balance sheets of Triad Data, Inc. as of December 31, 1997 and 1996 and the related statements of income and retained earnings, and cash flows for the years then ended (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Triad Data, Inc. as of December 31, 1997 and 1996 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Goldstein Golub Kessler LLP

New York, New York
February 27, 1998

RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED BALANCE SHEET
(Dollars in Thousands)

<TABLE>

<CAPTION>

	June 28, 1997	December 27, 1997	December 26, 1998
<S>	<C>	<C>	<C>
ASSETS			
Current assets			
Cash and cash equivalents.....	\$ 30,013	\$ 19,956	\$ 10,957
Marketable securities.....	28,675	5,867	--
Accounts receivable, net of allowance for doubtful accounts of \$1,840, \$3,444 and \$9,616 at June 28, 1997, December 27, 1997, and December 26, 1998 respectively.....	122,552	153,994	196,190
Notes receivable.....	1,680	1,706	1,039
Deferred income taxes.....	2,299	2,167	10,335
Other current assets.....	4,256	7,408	22,879
	-----	-----	-----
Total current assets.....	189,475	191,098	241,400
Fixed assets, net.....	19,355	26,731	31,157
Notes receivable from officers.....	535	108	1,049
Goodwill and other intangible assets, net of accumulated amortization of \$1,028, \$2,593 and \$6,630 at June 28, 1997, December 27, 1997, and December 26, 1998, respectively.....	46,164	94,343	84,869
Other assets.....	1,392	3,042	11,511
Deferred income taxes.....	--	855	2,079
	-----	-----	-----
Total assets.....	\$ 256,921	\$316,177	\$372,065
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Lines of credit.....	\$ 8,750	\$ 43,300	\$ 92,476
Current portion of capital lease obligations.....	185	107	267
Current portion of long-term debt.....	560	2,876	1,803
Note payable to officer.....	93	93	--
Accounts payable.....	9,442	13,101	11,454
Accrued salaries and wages.....	12,408	13,249	15,761
Other accrued expenses.....	18,870	41,349	56,928
Income taxes payable.....	1,634	201	--
Deferred income taxes.....	3,510	1,411	4,181
	-----	-----	-----
Total current liabilities.....	55,452	115,687	182,870
Deferred income taxes.....	1,166	2,535	5,928
Capital lease obligations.....	242	43	29
Long-term debt.....	2,284	3,602	2,324
Other liabilities.....	685	415	1,129
	-----	-----	-----
Total liabilities.....	59,829	122,282	192,280
	-----	-----	-----
Commitments and contingencies (Notes 4 and 13)			
Stockholders' equity			
Preferred stock, no par value (Note 11):			
Authorized 5,000,000 shares, issued and outstanding--0 at June 28, 1997, December 27, 1997, and December 26, 1998.....	\$ --	\$ --	\$ --
Preferred stock, \$0.10 par value (Note 11).....	--	--	--
Common stock, no par value:			
Authorized 99,000,000 shares; issued and outstanding--54,158,078 shares at June 28, 1997, 54,666,024 shares at December 27, 1997, and 56,226,552 issued and 56,026,552, outstanding at December 26, 1998.....	4,725	4,725	4,725

Additional paid-in capital.....	157,201	160,743	181,520
Notes receivable from stockholders.....	(476)	(476)	(1,476)
Retained earnings.....	35,500	28,704	(2,642)
Accumulated other comprehensive income....	142	199	204
	-----	-----	-----
	197,092	193,895	182,331
Less Treasury stock at cost, 200,000 shares.....	--	--	(2,546)
	-----	-----	-----
Total stockholders' equity.....	197,092	193,895	179,785
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$ 256,921	\$316,177	\$372,065
	=====	=====	=====

</TABLE>

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

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RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands except per share data)

<TABLE>

<CAPTION>

	Year Ended June 29, 1996	Year Ended June 28, 1997	Six Months Ended December 27, 1997	Year Ended December 26, 1998
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenue.....	\$333,063	\$489,833	\$320,119	\$776,314
Cost of revenue.....	232,496	342,422	215,695	528,059
	-----	-----	-----	-----
	100,567	147,411	104,424	248,255
Selling, general and administrative expenses.....	76,794	108,642	81,686	222,998
Acquisition-related expenses..	3,524	8,268	17,961	6,904
Restructuring and other asset writedowns.....	--	--	--	36,089
	-----	-----	-----	-----
Income (loss) from operations.....	20,249	30,501	4,777	(17,736)
Interest expense.....	(2,476)	(1,446)	(1,495)	(6,342)
Interest and other income.....	1,703	4,713	817	1,157
	-----	-----	-----	-----
Income (loss) before taxes....	19,476	33,768	4,099	(22,921)
Income tax provision.....	7,456	16,594	8,330	8,425
	-----	-----	-----	-----
Net income (loss).....	\$ 12,020	\$ 17,174	\$ (4,231)	\$ (31,346)
	=====	=====	=====	=====
Net income (loss) per share-- basic.....	\$ 0.28	\$ 0.34	\$ (0.08)	\$ (0.57)
Weighted average common shares outstanding--basic.....	42,885	50,495	54,537	55,418
Net income (loss) per share-- diluted.....	\$ 0.26	\$ 0.31	\$ (0.08)	\$ (0.57)
Weighted average common and potential common shares outstanding--diluted.....	46,862	54,607	54,537	55,418

</TABLE>

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

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RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>

<CAPTION>

	Preferred Stock No Par		Common Stock No Par		Common Stock \$0.01 Par	
	Shares	Value	Shares	Value	Shares	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 24, 1995.....	2,448,000	1,916	30,603,464	199	200,000	2
Consolidation of real estate trust.....	--	--	--	--	--	--
Acquisition of America's Registry by RWI.....	--	--	10,666,666	--	(200,000)	(2)
Amortization of deferred stock compensation.....	--	--	--	--	--	--
Proceeds from issuance of Common Stock, net of issuance costs.....	--	--	6,247,640	--	--	--
Stock issued upon exercise of options.....	23,000	--	311,811	3	--	--
Stock issued upon exercise of warrants....	--	--	1,013,760	--	--	--
Stock issued through stock purchase plan.....	--	--	67,429	--	--	--
Tax benefit associated with option exercises...	--	--	--	--	--	--
Capital contribution.....	--	--	--	--	--	--
Distributions.....	--	--	--	--	--	--
Unrealized loss on marketable securities...	--	--	--	--	--	--
Net income for the year..	--	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--
Comprehensive income for the year.....	--	--	--	--	--	--
Elimination of duplicate activity for the six month period ended December 31, 1995 resulting from the change in fiscal year of entities acquired in poolings-of-interests...	(23,000)	--	(12,622)	--	--	--
Balance at June 29, 1996.....	2,448,000	1,916	48,898,148	202	--	--
Repurchase of stock.....	--	--	--	--	--	--
Proceeds from issuance of stock, net of issuance costs.....	165,000	1,564	2,776,660	1,043	--	--
Stock issued upon sale of warrants.....	--	--	1,013,760	--	--	--
Compensation in connection with grant of stock options.....	--	--	--	--	--	--
Stock issued upon exercise of options.....	--	--	1,210,537	--	--	--
Stock issued for acquisition.....	--	--	266,528	--	--	--
Tax benefit associated with option exercises...	--	--	--	--	--	--
Amortization of deferred stock compensation.....	--	--	--	--	--	--
Conversion of preferred stock.....	(2,613,000)	(3,480)	1,434,160	3,480	--	--
Stock issued through stock purchase plan.....	--	--	111,474	--	--	--
Buy back of Treasury Stock.....	--	--	(15,005)	--	--	--
Distributions.....	--	--	--	--	--	--
Unrealized loss on marketable securities...	--	--	--	--	--	--
Net income for the year..	--	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--
Comprehensive income for the year.....	--	--	--	--	--	--
Elimination of duplicate activity for the six month period ended	--	--	--	--	--	--

December 31, 1996
resulting from the
change in fiscal year of
entity acquired in
pooling-of-interests.... -- -- (1,538,184) -- -- --

</TABLE>

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

RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>
<CAPTION>

	Preferred Stock No Par		Common Stock No Par		Common Stock \$0.01 Par	
	Shares	Value	Shares	Value	Shares	Value
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at June 28, 1997...	--	--	54,158,078	4,725	--	--
Compensation expense in connection with grant of stock options.....	--	--	--	--	--	--
Stock issued upon exercise of options.....	--	--	191,726	--	--	--
Stock issued for acquisition.....	--	--	328,578	--	--	--
Tax benefit associated with option exercises.....	--	--	--	--	--	--
Stock issued through stock purchase plan.....	--	--	73,670	--	--	--
Unrealized gain on marketable securities....	--	--	--	--	--	--
Net loss for the period....	--	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--
Comprehensive income for the period.....	--	--	--	--	--	--
Adjustment to add back elimination of the six month period ended June 30, 1997 resulting from the change in fiscal year of entity acquired in pooling-of interests.....	--	--	--	--	--	--
Elimination of duplicate activity for the six month period ended December 27, 1997 resulting from the change in fiscal year of entities acquired in pooling-of-interests.....	--	--	(86,028)	--	--	--
Balance at December 27, 1997.....	--	--	54,666,024	4,725	--	--
Stock issued upon exercise of options.....	--	--	1,301,014	--	--	--
Repurchase of stock.....	--	--	--	--	--	--
Stock issued for acquisition.....	--	--	--	--	--	--
Tax benefit associated with option exercises.....	--	--	--	--	--	--
Stock issued through stock purchase plan.....	--	--	259,514	--	--	--
Issuance of notes to stockholders.....	--	--	--	--	--	--
Unrealized gain on marketable securities....	--	--	--	--	--	--
Net loss for the year.....	--	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--	--
Comprehensive income for						

the year.....	--	--	--	--	--	--
Balance at December 26, 1998.....	--	\$ --	56,226,552	\$4,725	--	\$--
	=====	=====	=====	=====	=====	=====

</TABLE>

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

RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>
<CAPTION>

	Additional Paid-In Capital	Warrant to Acquire Common Stock	Treasury Stock		Notes Receivable From Stockholders
			Shares	Value	
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 24, 1995...	15,659	1,600	--	--	(476)
Consolidation of real estate trust.....	(111)	--	--	--	--
Acquisition of America's Registry by RWI.....	2	--	--	--	--
Amortization of deferred stock compensation.....	--	--	--	--	--
Proceeds from issuance of Common Stock, net of issuance costs.....	68,962	--	--	--	--
Stock issued upon exercise of options.....	1,696	--	--	--	--
Stock issued upon exercise of warrants.....	11,917	(1,600)	--	--	--
Stock issued through stock purchase plan.....	607	--	--	--	--
Tax benefit associated with option exercises.....	1,178	--	--	--	--
Capital contribution.....	421	--	--	--	--
Distributions.....	--	--	--	--	--
Unrealized loss on marketable securities....	--	--	--	--	--
Net income for the year....	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--
Comprehensive income for the year.....	--	--	--	--	--
Elimination of duplicate activity for the six month period ended December 31, 1995 resulting from the change in fiscal year of entities acquired in poolings-of-interests....	--	--	--	--	--
Balance at June 29, 1996...	100,331	--	--	--	(476)
Repurchase of stock.....	--	--	96,286	(2,000)	--
Proceeds from issuance of stock, net of issuance costs.....	52,916	--	(96,286)	2,000	--
Stock issued upon sale of warrants.....	11,917	(1,600)	--	--	--
Compensation expense in connection with grant of stock options.....	528	--	--	--	--
Stock issued upon exercise of options.....	3,497	--	--	--	--
Stock issued for acquisition.....	3,979	--	--	--	--
Tax benefit associated with option exercises.....	3,557	--	--	--	--
Amortization of deferred					

stock compensation.....	--	--	--	--	--
Conversion of preferred stock.....	--	--	--	--	--
Stock issued through stock purchase plan.....	1,126	--	--	--	--
Buy back of Treasury Stock.....	--	--	--	--	--
Distributions.....	--	--	--	--	--
Unrealized loss on marketable securities.....	--	--	--	--	--
Net income for the year....	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--
Comprehensive income for the year.....	--	--	--	--	--
Elimination of duplicate activity for the six month period ended December 31, 1996 resulting from the change in fiscal year of entity acquired in pooling-of-interests.....	(20,650)	1,600	--	--	--
	-----	-----	-----	-----	-----

</TABLE>

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

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RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>
<CAPTION>

	Treasury Stock				Notes Receivable From Stockholders
	Additional Paid-In Capital	Warrant to Acquire Common Stock	Shares	Value	
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 28, 1997...					
Compensation expense in connection with grant of stock Options.....	157,201	--	--	--	(476)
Stock issued upon exercise of options.....	750	--	--	--	--
Stock issued for acquisition.....	1,057	--	--	--	--
Tax benefit associated with option exercises.....	--	--	--	--	--
Stock issued through stock purchase plan.....	302	--	--	--	--
Unrealized gain on marketable securities.....	1,475	--	--	--	--
Net loss for the period....	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--
Comprehensive income for the period	--	--	--	--	--
Adjustment to add back elimination of the six month period ended June 30, 1997 resulting from the change in fiscal year of entity acquired in pooling-of-interests.....	--	--	--	--	--
Elimination of duplicate activity for the six month period ended December 27, 1997 resulting from the change in fiscal year of entities acquired in poolings-of-interests.....	(42)	--	--	--	--

Balance at December 27, 1997.....	160,743	--	--	--	(476)
Stock issued upon exercise of stock options.....	5,861	--	--	--	--
Repurchase of stock.....	--	--	200,000	(2,546)	--
Stock issued for acquisition.....	129	--	--	--	--
Tax benefit associated with option exercises.....	9,914	--	--	--	--
Stock issued through stock purchase plan.....	4,873	--	--	--	--
Issuance of notes to stockholders.....	--	--	--	--	(1,000)
Unrealized loss on marketable securities.....	--	--	--	--	--
Net loss for the year.....	--	--	--	--	--
Cumulative translation adjustment.....	--	--	--	--	--
Comprehensive income for the period.....	--	--	--	--	--
Balance at December 26, 1998.....	\$181,520	\$--	200,000	\$(2,546)	\$(1,476)

</TABLE>

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

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RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>
<CAPTION>

	Accumulated Other Comprehensive Income				
	Deferred Stock Compensation	Retained Earnings	Unrealized Gain/Loss on Investments	Cumulative Translation Adjustment	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 24, 1995.....	(195)	14,760	35	(48)	33,452
Consolidation of real estate trust.....	--	--	--	--	(111)
Acquisition of America's Registry by RWI.....	--	--	--	--	--
Amortization of deferred stock compensation.....	31	--	--	--	31
Proceeds from issuance of Common Stock, net of issuance costs.....	--	--	--	--	68,962
Stock issued upon exercise of options....	--	--	--	--	1,699
Stock issued upon exercise of warrants...	--	--	--	--	10,317
Stock issued through stock purchase plan....	--	--	--	--	607
Tax benefit associated with option exercises..	--	--	--	--	1,178
Capital contribution....	--	--	--	--	421
Distributions.....	--	(2,958)	--	--	(2,958)
Unrealized loss on marketable securities..	--	--	(53)	--	--
Net income for the year.....	--	12,020	--	--	--
Cumulative translation adjustment.....	--	--	--	313	--
Comprehensive income for year.....	--	--	--	--	12,280
Elimination of duplicate activity for the six month period ended	--	--	--	--	--

December 31, 1995 resulting from the change in fiscal year of entities acquired in poolings-of-interests..	(15)	(2,120)	--	--	(2,135)
Balance at June 29, 1996.....	(179)	21,702	(18)	265	123,743
Repurchase of stock....	--	--	--	--	(2,000)
Proceeds from issuance of stock, net of issuance costs.....	--	(80)	--	--	57,443
Stock issued upon sale of warrants.....	--	--	--	--	10,317
Compensation in connection with grant of stock options.....	--	--	--	--	528
Stock issued upon exercise of options....	--	--	--	--	3,497
Stock issued for acquisition.....	--	--	--	--	3,979
Tax benefit associated with option exercises..	--	--	--	--	3,557
Amortization of deferred stock compensation....	179	--	--	--	179
Conversion of preferred stock.....	--	--	--	--	--
Stock issued through stock purchase plan....	--	--	--	--	1,126
Buy back of Treasury Stock.....	--	--	--	--	--
Distributions.....	--	(3,465)	--	--	(3,465)
Unrealized loss on marketable securities..	--	--	(15)	--	--
Net income for the year.....	--	17,174	--	--	--
Cumulative translation adjustment.....	--	--	--	200	--
Comprehensive income for the year.....	--	--	--	--	17,359
Elimination of duplicate activity for the six month period ended December 31, 1996 resulting from the change in fiscal year of the entities acquired in pooling-of- interests.....	--	169	12	(302)	(19,171)

</TABLE>

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

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RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands except share data)

<TABLE>

<CAPTION>

	Deferred Stock Compensation	Retained Earnings	Accumulated Other Comprehensive Income Unrealized Gain/Loss on Investments	Cumulative Translation Adjustment	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>
Balance at June 28, 1997.....	--	35,500	(21)	163	197,092
Compensation expense in connection with grant of stock options	--	--	--	--	750
Stock issued upon exercise of options....	--	--	--	--	1,057

Stock issued for acquisitions.....	--	--	--	--	--
Tax benefit associated with option exercises..	--	--	--	--	302
Stock issued through stock purchase plan....	--	--	--	--	1,475
Unrealized gain on marketable securities..	--	--	43	--	
Net loss for the period.....	--	(4,231)	--	--	
Cumulative translation adjustment.....	--	--	--	160	
Comprehensive income for the period.....	--	--	--	--	(4,028)
Adjustment to add back elimination of the six month period ended June 30, 1997 resulting from the change in fiscal year of entity acquired in pooling-of-interests.....	--	(827)	--	(146)	(973)
Elimination of duplicate activity for the six month period ended December 27, 1997 resulting from the change in fiscal year of the entities acquired in pooling-of-interests	--	(1,738)	--	--	(1,780)
	-----	-----	-----	-----	-----
Balance at December 27, 1997.....	--	28,704	22	177	193,895
Stock issued upon exercise of stock options.....	--	--	--	--	5,861
Repurchase of stock....	--	--	--	--	(2,546)
Stock issued for acquisition.....	--	--	--	--	129
Tax benefit associated with option exercises..	--	--	--	--	9,914
Stock issued through stock purchase plan....	--	--	--	--	4,873
Issuance of notes to stockholders.....	--	--	--	--	(1,000)
Unrealized loss on marketable securities..	--	--	(22)	--	
Net loss for the year...	--	(31,346)	--	--	
Cumulative translation adjustment.....	--	--	--	27	
Comprehensive loss for the year.....	--	--	--	--	(31,341)
	-----	-----	-----	-----	-----
Balance at December 26, 1998.....	--	\$ (2,642)	--	\$ 204	\$179,785
	=====	=====	=====	=====	=====

</TABLE>

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

RENAISSANCE WORLDWIDE, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
(In thousands)

<TABLE>

<CAPTION>

	Six Months			
	Year Ended	Year Ended	Ended	Year Ended
	June 29,	June 28,	December 27,	December 26,
	1996	1997	1997	1998
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

Cash flows from operating activities:				
Net income (loss).....	\$12,020	\$ 17,174	\$ (4,231)	\$ (31,346)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization.....	2,129	3,947	5,099	10,748
Provision for losses on accounts receivable.....	539	902	1,274	12,703
Deferred income taxes.....	(406)	4,129	(97)	(3,624)
Compensation expense on stock options.....	31	494	750	--
Loss on writedown of fixed assets.....	--	--	--	4,159
Write down of goodwill.....	--	--	--	26,409
Changes in operating assets and liabilities:				
Accounts receivable.....	(19,512)	(39,041)	(26,677)	(50,263)
Other current assets.....	(726)	(2,478)	(2,708)	(6,063)
Other assets.....	(287)	(1,093)	(3,446)	(8,757)
Accounts payable.....	4,538	(3,463)	(3,789)	(2,202)
Other accrued expenses.....	6,566	3,523	15,380	18,410
Accrued salaries and wages...	2,350	331	1,134	2,306
Income taxes payable.....	1,688	2,041	(1,381)	--
Other liabilities.....	94	51	127	(525)
	-----	-----	-----	-----
Net cash provided by (used for) operating activities..	9,024	(13,483)	(18,565)	(28,045)
	-----	-----	-----	-----
Cash flows from investing activities:				
Cash disbursed for acquisitions, net of cash acquired.....	--	(41,543)	(36,987)	(24,331)
Increase in notes receivable from officers.....	(1,021)	(90)	(31)	(1,134)
Repayment of notes receivable from officers.....	2,548	928	1,383	193
Repayment of notes receivable related party.....	--	--	--	243
Increase in notes receivable..	(25)	(1,559)	(81)	--
Issuance of note receivable from stockholders.....	--	--	--	(1,000)
Investment in capitalized software.....	--	--	(1,361)	--
Purchases of marketable securities.....	(46,267)	(246,679)	(91,926)	--
Sales and maturities of marketable securities.....	33,194	231,579	114,734	5,845
Purchases of fixed assets.....	(5,384)	(8,216)	(10,480)	(14,436)
	-----	-----	-----	-----
Net cash used for investing activities.....	(16,955)	(65,580)	(24,749)	(34,620)
	-----	-----	-----	-----
Cash flows from financing activities:				
Cash proceeds from issuance of common stock.....	81,876	67,127	--	--
Cash payments to repurchase common stock.....	--	(2,000)	--	(2,546)
Proceeds from reissuance of treasury stock.....	--	1,920	--	--
Cash proceeds from exercise of stock options.....	1,181	3,498	1,057	5,861
Cash proceeds from stock purchase plan.....	--	1,135	1,473	4,873
Net borrowings (payments) on lines of credit.....	(12,481)	3,507	31,234	47,382
Net repayments of stockholder loans.....	--	--	--	--
Proceeds from issuance of long-term debt.....	2,689	384	4,047	311
Repayments of short-term borrowings.....	(2,145)	--	--	--
Principal payments on long-term debt and capital lease obligations.....	(3,697)	(2,564)	(3,292)	(2,242)

Capital contribution.....	421	--	--	--
Distributions.....	(2,958)	(3,465)	(925)	--
	-----	-----	-----	-----
Net cash provided by financing activities.....	64,886	69,542	33,594	53,639
	-----	-----	-----	-----
Effect of exchange rates on cash and cash equivalents.....	313	84	169	27
Addition of activity for Hunter for January to June 1997 (Note 3).....	--	--	200	--
Elimination of duplicated activity from July to December (Note 3).....	(855)	(25,057)	(706)	--
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	56,413	(34,494)	(10,057)	(8,999)
Cash and cash equivalents, beginning of period.....	8,094	64,507	30,013	19,956
	-----	-----	-----	-----
Cash and cash equivalents, end of period.....	\$64,507	\$ 30,013	\$19,956	\$ 10,957
	=====	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest.....	\$ 2,260	\$ 1,311	\$ 1,324	\$ 5,945
Cash paid for income taxes....	\$ 2,060	\$ 10,269	\$10,589	\$ 12,394

</TABLE>

See additional disclosure of non-cash investing and financing activity in Notes 3, 4, 7, 8, 10 and 15.

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

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Renaissance Worldwide, Inc. ("Renaissance" or the "Company"), formerly known as The Registry, Inc., is a global provider of business and technology consulting services to organizations with complex IT operations in a broad range of industries. The Company's offerings are categorized into four segments: Business Strategy, Enterprise Solutions, Government Solutions, and Information Technology ("IT") Consulting Services. The Business Strategy Group provides management consulting and technology integration services in connection with performance support systems. The Enterprise Solutions Group provides IT solutions design and implementation services. The Government Solutions Group provides specialized management and technology consulting services to the public sector. The IT Consulting Services Group provides consulting services centered around application design, implementation and support. The Company's primary locations are in North America with subsidiaries in Europe and Asia/Pacific (see Note 18).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The accompanying financial statements include the accounts of Renaissance Worldwide, Inc. and its wholly-owned subsidiaries. On November 26, 1996, November 27, 1996, July 31, 1997, and November 26, 1997, the Company completed the acquisitions of Application Resources, Inc. ("ARI"), Shamrock Computer Resources, Ltd. ("SCR"), Renaissance Solutions, Inc. ("RSI"), and The Hunter Group, Inc. ("Hunter"), respectively. On December 31, 1996, RSI completed the acquisition of International Systems Services Corporation ("ISS"). On March 31, 1998 and April 2, 1998, the Company completed the acquisitions of Neoglyphics Media Corporation ("Neoglyphics") and Triad Data, Inc. ("Triad"), respectively. These transactions have been accounted for as poolings-of-interests and, therefore, the accompanying financial statements have been retroactively restated to reflect the financial position and results of operations and cash flows of each of these entities with the Company for all periods presented (see Note 3). In addition, the accompanying financial statements include the accounts of several entities acquired in purchase transactions, subsequent to their respective acquisition dates (see Note 4), as well as the accounts of a real estate trust (the "Trust") which is

substantially controlled by the Company, subsequent to the renegotiation of certain lease terms on September 19, 1995 (see Note 16). All material intercompany balances and transactions have been eliminated.

Fiscal Year

Effective with the period ended December 27, 1997, the Company changed its fiscal year from the last Saturday in June to the last Saturday in December. RSI, ARI and SCR previously utilized a December 31 year end. Upon acquisition, RSI, ARI and SCR changed their fiscal year ends to the last Saturday in June to conform to the Company's previous fiscal year. Hunter, Neoglyphics, and Triad previously utilized a December 31 year end. Upon acquisition, Hunter, Neoglyphics, and Triad changed their fiscal year ends to the last Saturday in December to conform to the Company's fiscal year (see Note 3).

The six month period ended December 27, 1997 (the "Transition Period") reflects the results of operations and cash flows for the six months then ended for the Company and all of its subsidiaries. The results of operations and of cash flows for the years ended June 29, 1996, June 28, 1997, and December 26, 1998 are for 53 weeks, 52 weeks and 52 weeks, respectively.

The unaudited results of operations for the six month period ended December 28, 1996 included revenues of \$214,774,000, cost of revenues of \$150,052,000, selling, general and administrative expenses (including acquisition-related expenses) of \$58,862,000, income from operations of \$5,860,000, income before taxes of

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

\$7,689,000 and net income of \$1,654,000. Earnings per share-basic for the period was \$0.03. Earnings per share-diluted for the period was \$0.03. In the opinion of management, the above unaudited amounts include all adjustments, consisting solely of normal recurring adjustments, necessary to present fairly the Company's consolidated results of operations for the six months ended December 28, 1996.

Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company's cash equivalents consist primarily of short term federal notes and money market securities bearing interest at a weighted average rate of approximately 4.5% at December 26, 1998. The investments are carried at cost plus accrued interest, which approximates market value. The Company considers such securities to be classified as "available-for-sale" under Statements of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Revenue Recognition

The Company's revenue is primarily comprised of fees for consulting services. The majority of the Company's revenue is from contracts on a time and materials basis and is recognized as the services are performed. The remainder of the Company's contracts are on a fixed-price basis, and revenue from those contracts is recognized using the percentage of completion method based upon the number of labor hours incurred compared to the total estimated hours at estimated realizable rates. Under the percentage of completion method, the Company must estimate the percentage of completion of each project at the end of each financial reporting period. Estimates are subject to adjustment as a project progresses to reflect changes in projected completion costs or dates. Revenues are reported net of reimbursable expenses which are typically billed and collected from clients. Losses, if any, are provided for in the period in which the loss is determined. Amounts received in excess of revenue recognized are recorded as deferred revenue.

Accounts Receivable, Concentration of Credit Risk and Uncertainties

The Company is subject to credit risk through trade receivables. Credit risk with respect to trade receivables is mitigated by the diversification of the Company's operations, as well as its large client base and its geographical dispersion. The Company performs ongoing evaluations of its receivables and may obtain retainers at the onset of significant fixed price client engagements. Collateral is not required for time and material contracts. In management's opinion, the Company has provided sufficient provisions to

prevent a significant impact of credit losses to the financial statements. The failure of the Company to complete a fixed price project to the client's satisfaction within the fixed price exposes the Company to potentially unrecoverable cost overruns.

Fees on fixed-price contracts are generally billable to clients upon the achievement of specified milestones. Unbilled revenue was \$5,174,000, \$7,913,000, and \$23,073,000, at June 28, 1997, December 27, 1997, and December 26, 1998 respectively.

No single customer accounted for more than 10% of revenues or more than 10% of accounts receivable for any period presented.

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Fixed Assets

Fixed assets are stated at cost. Additions, renewals and betterments of fixed assets are capitalized. Repair and maintenance expenditures for minor items are generally expensed as incurred. Depreciation of fixed assets is provided using the straight-line method over the following estimated useful lives:

<TABLE>

<S>	<C>
Buildings and improvements.....	31 1/2 years
Computer equipment.....	5 years
Furniture and equipment.....	5 to 7 years
Motor vehicles.....	5 years
Leasehold improvements.....	Lesser of lease term or 20 years

</TABLE>

In March 1998, the FASB issued Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 was effective for fiscal years beginning after December 15, 1998. The Company's existing accounting policies conform with the requirements of this statement. The Company has capitalized \$3.6 million in 1998 in relation to the Peoplesoft implementation. These costs primarily include licensing fees and internal labor costs of employees directly associated with the implementation project.

Advertising Costs

Advertising costs are recorded as expense when incurred.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes, as set forth in Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes". SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities, utilizing currently enacted tax rates. The effect of any future change in tax rates is recognized in the period in which the change occurs.

Certain of the Company's subsidiaries had previously elected to be treated as small business corporations for income tax purposes with income or loss and credits passed through to the stockholders. These elections were subsequently terminated prior to or upon acquisition by the Company and the net deferred tax asset or liability as of the date of acquisition has been included in the provision for income taxes in the period of termination.

Certain of the Company's subsidiaries had previously utilized the cash method of accounting for income taxes. Upon acquisition by the Company, these subsidiaries converted to the accrual method of accounting for income taxes.

Stock-Based Compensation

The Company accounts for employee awards under its stock plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation" for disclosure purposes only (See

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

disclosure of contingencies at June 28, 1997, December 27, 1997, and December 26, 1998 and the reported amounts of revenues and expenses for the two years in the period ended June 28, 1997, the six month period ended December 27, 1997 and the year ended December 26, 1998. Actual results could differ from those estimates.

Goodwill and Other Intangible Assets

As described in Note 4, the Company amortizes goodwill and intangible assets arising from purchase acquisitions on a straight-line basis over a period of 10 to 30 years. Goodwill is evaluated for consideration of potential impairment based on the operating results and forecasted cash flows of the acquired entity.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current period presentation.

Segment Reporting

In 1998, the Company adopted SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 superseded SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise", redefining the segments to be those used by management for making operating decisions and assessing performance. SFAS No. 131 also requires disclosures about products and services, geographic areas, and major customers. The adoption of SFAS No. 131 did not affect the results of operations or financial position but did affect the disclosure of segment information (see Note 18).

Other Comprehensive Income

In the first quarter of 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." This statement requires disclosure of comprehensive income and its components in interim and annual reports. Comprehensive income includes all changes in stockholders' equity during a period except those resulting from investments by stockholders and distributions to stockholders. Accordingly, the components of comprehensive income include net income, cumulative translation adjustments and unrealized gains and losses on available-for-sale securities. Deferred taxes have not been provided on cumulative translation adjustments because deferred taxes have not been provided on unremitted earnings (see Note 10). Deferred taxes and any reclassification adjustments related to unrealized gains/losses on investments are insignificant.

Translation of Foreign Currencies

The functional currency of the Company's subsidiaries is the local currency. Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at exchange rates in effect at the balance sheet date; income and expense items and cash flows are translated at average exchange rates for the period. Cumulative net translation adjustments are included in stockholders' equity. Gains and losses resulting from foreign currency transactions, not significant in amount, are included in the results of operations as other income (expense).

Net Income Per Share

In February 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 128, "Earnings per Share". SFAS No. 128 specifies modifications to the Renaissance Worldwide, Inc. calculation of earnings per share from that previously used by the Company. Under SFAS No. 128, "earnings per share-basic" is calculated based upon the weighted average number of common shares actually outstanding, and "earnings per share-diluted" is calculated based upon the

weighted average number of common shares and dilutive potential common stock outstanding. Potential common stock includes stock options and warrants, calculated using the

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

treasury stock method, and the assumed conversion of ARI's preferred stock (see Note 11). However, potential common stock has been excluded from the calculation of diluted earnings per share for the six months ended December 27, 1997 and the year ended December 26, 1998, as its effect would be anti-dilutive.

A reconciliation of the weighted average number of common shares outstanding is as follows:

<TABLE>
<CAPTION>

	Year Ended		Six Months Ended	Year Ended
	June 29, 1996	June 28, 1997	December 27, 1997	December 26, 1998
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Weighted average number of common shares outstanding--basic.....	42,885	50,495	54,537	55,418
Assumed exercise of stock options, using the treasury stock method.....	2,641	3,553	--	--
Assumed exercise of warrants, using the treasury stock method..	104	--	--	--
Assumed conversion of ARI's preferred stock..	1,232	559	--	--
	-----	-----	-----	-----
Weighted average number of common and potential common shares outstanding--diluted...	46,862	54,607	54,537	55,418
	=====	=====	=====	=====

</TABLE>

3. ACQUISITION OF SUBSIDIARIES--POOLING OF INTERESTS

Fiscal 1998 Poolings of Interests

In March 31, 1998 the Company, through a wholly-owned subsidiary, acquired all of the outstanding stock of Neoglyphics. Neoglyphics is an Internet development and applications company based in Chicago, Illinois and is a part of the e-commerce business unit within the Enterprise Solutions group. Pursuant to the agreement, each share of Neoglyphics was converted into the right to receive .12495 shares of Renaissance common stock. Renaissance also assumed outstanding options for the purchase of Neoglyphics common stock at the same conversion ratio.

On April 2, 1998, the Company, through a wholly-owned subsidiary, acquired all of the outstanding stock of Triad. Triad is an information technology consulting firm performing services similar to those of the IT Consulting Services group of the Company. Pursuant to the agreement, each share of Triad common stock was converted into the right to receive 24,409.2 shares of Renaissance common stock.

In total, 4,554,760 shares of the Company's common stock were exchanged for all of the outstanding common stock of Neoglyphics and Triad. In addition, outstanding stock options to purchase Neoglyphics common stock were converted into options to purchase 119,940 shares of the Company's common stock.

Neoglyphics and Triad each had a calendar year end and the results of operations for the years ended December 31, 1995, December 31, 1996 and December 31, 1997 were combined with the results of operations for Renaissance's fiscal years ended June 24, 1995, June 29, 1996 and June 28, 1997, respectively. Additionally, the financial position of Neoglyphics and

Triad as of December 31, 1994, 1995 and 1996 have been combined with the Company's financial position as of June 24, 1995, June 29, 1996, and June 28, 1997, respectively. In order to conform Neoglyphics' and Triad's year end to Renaissance's fiscal year end, the consolidated statement of income for the six months ended December 27, 1997 includes six months (July to December 1997) for Neoglyphics and Triad which has also been included in the consolidated statement of income for the fiscal year ended June 28, 1997. An adjustment has been made to retained earnings in the transition period ended December 28, 1997 to eliminate the duplication of net income of Neoglyphics and Triad for such six month period.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Transition Period Poolings of Interests

On July 31, 1997, pursuant to an Agreement and Plan of Merger dated May 19, 1997, the Company, through a wholly-owned subsidiary, acquired RSI. RSI provides management consulting and client/server systems integration services, primarily for large corporations. Pursuant to the agreement, each outstanding share of RSI common stock was converted into the right to receive 1.6 shares of Renaissance common stock. Renaissance also assumed outstanding options for the purchase of RSI common stock at the same conversion ratio. Immediately prior to the acquisition, there were 9,573,204 shares of RSI common stock and options to purchase 1,364,895 shares of RSI common stock outstanding.

On November 26, 1997, the Company, through a wholly-owned subsidiary, acquired Hunter. Hunter provides management consulting, systems implementation and education services to organization seeking to deploy enterprise software applications, including enterprise resource planning ("ERP") software applications. Pursuant to the agreement, each outstanding share of Hunter common stock was converted into the right to receive 19.9086 shares of Renaissance common stock. Renaissance also assumed outstanding options for the purchase of Hunter common stock at the same conversion ratio. Immediately prior to the acquisition, there were 300,000 shares of Hunter common stock and options to purchase 59,133 shares of Hunter common stock outstanding. In addition, in conjunction with the acquisition of Hunter, Renaissance issued 328,578 shares of Common Stock in exchange for a residual equity interest in Hunter held by a third party.

In total, 21,647,012 shares of Renaissance common stock were exchanged for all of the outstanding common stock of RSI and Hunter. In addition, outstanding stock options to purchase RSI and Hunter common stock were converted into options to purchase 3,361,088 shares of Renaissance's common stock.

RSI had a calendar year end and the results of operations for the years ended December 31, 1995 and December 31, 1996 were combined with the results of operations for Renaissance's fiscal years ended June 24, 1995 and June 29, 1996, respectively. Additionally, the financial position of RSI as of December 31, 1995 and 1996 has been combined with the Company's financial position as of June 24, 1995 and June 29, 1996, respectively. In order to conform RSI's year end to Renaissance's fiscal year end, the consolidated statement of income for fiscal 1997 includes six months (July to December 1996) for RSI which has also been included in the consolidated statement of income for the fiscal year ended June 29, 1996. An adjustment has been made to retained earnings in fiscal 1997 to eliminate the duplication of net income of RSI for such six month period.

Hunter had a calendar year end and the results of operations for the years ended December 31, 1994, December 31, 1995 and December 31, 1996 were combined with the results of operations for Renaissance's fiscal years ended June 24, 1995, June 29, 1996 and June 28, 1997, respectively. Additionally, the financial position of Hunter as of December 31, 1994, 1995 and 1996 has been combined with the Company's financial position as of June 24, 1995, June 29, 1996, and June 28, 1997, respectively. In order to conform Hunter's year end to Renaissance's fiscal year end, the consolidated statement of income omits six months (January to June 1997) for Hunter. An adjustment has been made to retained earnings in the Transition Period to add back the net loss for Hunter for such six month period.

Fiscal 1997 Poolings of Interests

On November 26, 1996, pursuant to an Agreement and Plan of Merger dated

October 30, 1996, the Company, through a wholly-owned subsidiary, acquired ARI. ARI is an information technology consulting firm performing services similar to those of the IT Consulting Services group of the Company. Pursuant to the agreement, each outstanding share of ARI common stock was converted into the right to receive .548856 shares of the Company's common stock. The Company also assumed outstanding options for the purchase of ARI common stock at the same conversion ratio. Immediately prior to the acquisition, there were 5,217,000 shares of ARI common stock and options to purchase 794,000 shares of ARI common stock outstanding.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

On November 27, 1996, pursuant to an Agreement and Plan of Merger dated November 2, 1996, the Company, through a wholly-owned subsidiary, acquired SCR. SCR is an information technology consulting firm performing services similar to those of the IT Consulting Group of the Company. Pursuant to the agreement, each outstanding share of SCR common stock was converted into the right to receive 273.539 shares of the Company's Common Stock. Pursuant to the provisions of the Iowa Business Corporation Act (the "IBCA"), a stockholder of SCR holding 352 shares of SCR common stock perfected dissenters' rights under the IBCA and was paid \$2,000,000 in redemption of such shares.

On December 31, 1996, the Company, through its RSI subsidiary, acquired ISS, a Connecticut corporation. ISS is a consulting firm providing business and management consulting services. Pursuant to the agreement, all of the outstanding capital stock of ISS was acquired in exchange for 1,310,000 shares of RSI common stock (equal to 2,096,000 shares of the Company's Common Stock pursuant to the July 31, 1997 merger of RSI with the Company).

In total, 6,797,548 shares of the Company's Common Stock were exchanged for all of the outstanding common stock of ARI, SCR and ISS. In addition, outstanding stock options to purchase ARI common stock were converted into options to purchase 435,810 shares of the Company's common stock.

ARI and SCR each had a calendar year end and the results of operations for ARI and SCR for the year ended December 31, 1995 have been combined with the results of operations for the Company's fiscal year ended June 24, 1995. Additionally, the financial position of ARI and SCR as of December 31, 1995 has been combined with the Company's financial position as of June 24, 1995. In order to conform ARI and SCR's year end to the Company's fiscal year end, the consolidated statement of income for fiscal 1996 includes six months (July to December 1995) for both companies which are also included in the consolidated statement of income for the fiscal year ended June 24, 1995. An adjustment has been made to retained earnings in fiscal 1996 to eliminate the duplication of net income of ARI and SCR for such six month period.

There were no material transactions between the Company, ARI, SCR, ISS, RSI, Hunter, Neoglyphics or Triad during any of the periods presented. No material adjustments to net assets or results of operations were necessary to conform the accounting practices of ARI, SCR, ISS, RSI, Hunter, Neoglyphics or Triad to that of the Company. Certain reclassifications were made to the financial statements of ARI, SCR, ISS, RSI, Hunter, Neoglyphics and Triad to conform with the Company's classifications. All costs associated with the acquisitions have been expensed as incurred.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Separate results of operations for the periods prior to the acquisitions of ARI, SCR, ISS, RSI, Hunter, Neoglyphics and Triad by the Company were as follows:

<TABLE>
<CAPTION>

Year Ended		Six Months
-----		Ended
June 29,	June 28,	

	1996	1997	December 27, 1997
	(in thousands)		
<S>	<C>	<C>	<C>
Revenue			
Renaissance Worldwide, Inc.....	\$145,588	\$324,766 (a)	\$285,937 (c)
Application Resources, Inc.....	37,615	-- (a)	-- (c)
Shamrock Computer Resources, Ltd.....	33,675	-- (a)	-- (c)
International Systems Services Corporation.....	17,666	-- (b)	-- (c)
Renaissance Solutions, Inc.....	34,784	64,277 (b)	-- (c)
The Hunter Group, Inc.....	19,554	39,215	-- (c)
Neoglyphics Media Corporation.....	4,511	9,539	6,241
Triad Data, Inc.....	39,670	52,036	27,941
Combined.....	\$333,063	\$489,833	\$320,119
Net income (loss)			
Renaissance Worldwide, Inc.....	\$ 2,543	\$ 10,900 (a)	\$ (5,969) (c)
Application Resources, Inc.....	1,228	-- (a)	-- (c)
Shamrock Computer Resources, Ltd.....	2,861	-- (a)	-- (c)
International Systems Services Corporation.....	(704)	-- (b)	-- (c)
Renaissance Solutions, Inc.....	2,474	3,217 (b)	-- (c)
The Hunter Group, Inc.....	(399)	443	-- (c)
Neoglyphics Media Corporation.....	689	1,295	559
Triad Data, Inc.....	3,328	1,319	1,179
Combined.....	\$ 12,020	\$ 17,174	\$ (4,231)
Other changes in stockholders' equity			
Renaissance Worldwide, Inc.....	\$ 33,003	\$ 51,027 (a)	\$ 2,814 (c)
Application Resources, Inc.....	3	-- (a)	-- (c)
Shamrock Computer Resources, Ltd..	(1,416)	-- (a)	-- (c)
International Systems Services Corporation.....	--	-- (b)	-- (c)
Renaissance Solutions, Inc.....	48,815	26,917 (b)	-- (c)
The Hunter Group, Inc.....	1	285	-- (c)
Neoglyphics Media Corporation.....	--	42	(601)
Triad Data, Inc.....	--	(2,925)	(1,179)
Combined.....	\$ 80,406	\$ 75,346	\$ 1,034

</TABLE>

-
- (a) Includes the results of ARI and SCR, which were acquired by the Company during the year ended June 28, 1997
- (b) Includes the results of ISS, which was acquired by RSI during the year ended June 28, 1997
- (c) Includes the results of ARI, SCR, ISS, RSI and Hunter, which were acquired by the Company prior to December 27, 1997

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

4. ACQUISITION OF SUBSIDIARIES--PURCHASES

Fiscal 1998 Purchases

Exad Galons: On March 12, 1998, the Company, through a wholly-owned subsidiary, completed the acquisition of the outstanding common stock of Exad Galons, a French corporation headquartered in Paris, France, for \$5.0 million in cash.

Hackenberg & Partner: On March 25, 1998, the Company, through a wholly-owned subsidiary completed the acquisition of all of the outstanding common stock of Hackenberg & Partner ("Hackenberg"), a German corporation based in Starnberg, Germany, for \$3.2 million in cash.

Both Exad Galons and Hackenberg are business process and information

technology consulting firms both of which augment the international presence of the Enterprise Solutions Group.

IPAT: On June 30, 1998, the Company, through a wholly-owned subsidiary completed the acquisition of all of the outstanding common stock of IPAT, an Ohio corporation based in Cincinnati, Ohio, for \$4.3 million in cash. IPAT provides information technology implementation and consulting services primarily to governmental entities.

The aggregate purchase price and related costs associated with Exad Galons, Hackenberg and IPAT (collectively the "Fiscal 1998 Acquisitions") was \$12.5 million. The purchase price has been allocated to the assets and liabilities assumed and the excess of the purchase price over the fair value of the acquired assets and liabilities has been allocated to goodwill which will be amortized on a straight line basis over a period up to 30 years.

In connection with these acquisitions, the Company may pay contingent consideration of \$8.3 million based upon certain earnout arrangements. Such amounts will be recorded as additional purchase price when paid.

Transition Period Purchases

During the transition period ended December 27, 1997, the Company acquired four companies: McClain Group, Inc., Technomics Consultants International, Inc., Eligibility Management Systems, Inc., and Cambridge Software Group. The aggregate purchase price and related costs associated with the Transition Period Acquisitions was \$37.5 million which has been allocated to the assets and liabilities assumed based upon their fair value on the date of acquisition. The excess of the purchase price over this fair value of acquired assets and liabilities has been allocated to goodwill which is being amortized on a straight line basis over a period up to 30 years.

In connection with the Transition Period Acquisitions, the Company may pay contingent consideration of up to \$12.6 million based upon certain earnout arrangements. Such amounts are recorded as additional purchase price when paid.

Fiscal 1997 Purchases

During the fiscal year ended June 28, 1997, the Company acquired five companies: Morris Information Systems, Sun-Tek Consultants, Inc., Sterling Information Group, James Duncan & Associates ("JDA"), and Connexus Consulting Group, Inc. In addition, during Fiscal 1997, prior to the merger with the Company, RSI acquired two companies: COBA Consulting Limited ("COBA UK") and C.M. Management Systems Ltd., Inc. ("COBA-Boston"). These acquisitions are collectively referred to as the "Fiscal 1997 Acquisitions". The aggregate purchase price and related costs associated with the Fiscal 1997 Acquisitions was \$38.0 million plus 266,528 shares of the Company's common stock, which has been allocated to the assets acquired and liabilities assumed based upon their fair value on the date of acquisition. The excess of purchase price over the fair value of acquired net assets has been allocated to goodwill which is being amortized over a period of up to 30 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

In connection with the Fiscal 1997 Acquisitions, the Company may pay contingent consideration of up to \$32.3 million based on certain earn-out arrangements. Such amounts, if paid, will be recorded as additional purchase price. The acquisition agreement of COBA-Boston contained certain change of control provisions which were triggered upon the acquisition of RSI by Renaissance. This resulted in the acceleration of \$9.3 million of contingent consideration, \$6.9 million of which was paid in fiscal 1998 and the remainder has been accrued and is included in accrued expenses at December 26, 1998.

The pro forma results of operations, assuming that the acquisition of the Fiscal 1998 Acquisitions, the Transition Period Acquisitions and the Fiscal 1997 Acquisitions occurred at the beginning of the year ended June 28, 1997, the six months ended December 27, 1997, or the year ended December 26, 1998 would not materially differ from the Company's reported results of operations.

5. MARKETABLE SECURITIES

Marketable securities are classified as available for sale and consist of

U.S. Treasury Notes, Federal Agency Bonds and Corporate Bonds having maturity dates of more than three months and are stated at fair value. Aggregate net unrealized holding gains/(losses) of \$(21,000) and \$22,000 at June 28, 1997 and December 27, 1997, respectively, have been included as a separate component of stockholders' equity in the accompanying consolidated balance sheet. Certain information with respect to the Company's marketable securities as of June 28, 1997 and December 27, 1997 is presented below:

<TABLE>

<CAPTION>

Security Type	Amortized Cost	Gross Unrealized		Fair Value
		Holding Gains	Holding Losses	
(in thousands)				
June 28, 1997				
<S>	<C>	<C>	<C>	<C>
U.S. Treasury Notes.....	\$ 4,331	\$--	\$ 18	\$ 4,313
Federal Agency Bonds.....	16,688	--	17	16,671
Commercial Paper.....	7,677	14	--	7,691
	-----	----	----	-----
	\$28,696	\$ 14	\$ 35	\$28,675
	=====	=====	=====	=====

<CAPTION>

Security Type	Amortized Cost	Gross Unrealized		Fair Value
		Holding Gains	Holding Losses	
(in thousands)				
December 27, 1997				
<S>	<C>	<C>	<C>	<C>
U.S. Treasury Notes.....	\$ 4,331	\$ 13	\$--	\$ 4,344
Federal Agency Bonds.....	1,514	9	--	1,523
	-----	----	----	-----
	\$ 5,845	\$ 22	\$--	\$ 5,867
	=====	=====	=====	=====

</TABLE>

The Company had no marketable securities at December 26, 1998. The fair values of marketable securities by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

<TABLE>

<CAPTION>

	June 28, December 27, 1997	
	(in thousands)	
<S>	<C>	<C>
Due in one year or less.....	\$21,787	\$2,057
Due after one through three years.....	6,888	3,810
	-----	-----
Total.....	\$28,675	\$5,867
	=====	=====

</TABLE>

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

6. CONSOLIDATED BALANCE SHEET DETAILS

<TABLE>

<CAPTION>

	June 28, 1997	December 27, 1997	December 26, 1998
	(in thousands)		
<S>	<C>	<C>	<C>
Fixed assets:			
Land.....	\$ 360	\$ 360	\$ 360
Building.....	1,439	1,439	1,439
Computer equipment and software.....	13,989	21,879	27,789
Furniture and equipment.....	8,346	9,270	10,711
Motor vehicles.....	144	116	66
Leasehold and building improvements.....	2,237	4,331	5,702

Total fixed assets.....	26,515	37,395	46,067
Less: accumulated depreciation and amortization.....	7,160	10,664	14,910
Net fixed assets.....	\$19,355	\$26,731	\$31,157
Other accrued expenses			
Accrued employee benefits.....	\$ 5,389	\$ 6,245	\$10,662
Accrued commissions and bonuses.....	3,334	7,323	12,394
Accrued acquisition costs.....	1,169	3,655	4,305
Accrued contingent consideration.....	3,466	14,305	7,063
Accrued restructuring reserve.....	--	--	2,872
Other accrued expenses.....	5,512	9,821	19,632
	\$18,870	\$41,349	\$56,928

</TABLE>

7. NOTES RECEIVABLE AND RELATED PARTY TRANSACTIONS

Notes receivable due in March 2001 include \$1,500,000 at June 28, 1997 and December 27, 1997, and \$985,000 at December 26, 1998 from an unrelated third party corporation. This note bears interest at the LIBOR rate plus 2.5% (8.22% at June 28, 1997, 8.16% at December 27, 1997, and 7.713% at December 26, 1998), which is payable quarterly. This note is secured by an interest in all of the assets of the corporation subject to a prior security interest under the corporation's bank debt and line of credit, and the personal guarantee of the corporation's majority stockholder.

Notes receivable from officers represents notes due from various senior officers of the Company and bear interest at the prime rate (8.5% at June 28, 1997, 8.5% at December 27, 1997, and 7.75% at December 26, 1998).

Notes receivable from stockholders of \$476,000 at June 28, 1997 and December 27, 1997, and \$1,476,000 at December 26, 1998, which are included as a reduction of stockholders' equity in the accompanying balance sheet, include promissory notes from two of ARI's officers totaling \$226,000 for the exercise of stock options bearing interest at a variable rate based upon federal income tax requirements (approximately 6.5% at June 28, 1997, and 6% at December 27, 1997 and December 26, 1998), two demand notes from an individual who was the sole stockholder of Hunter totaling \$250,000, which accrue interest at 5%, and notes issued to various employees to purchase the Company's common stock totaling \$1,000,000 which accrue interest at 7.0%.

During the year ended June 28, 1997, the Company entered into a contract with an entity controlled by the president of the Company to utilize an airplane for corporate travel purposes. The Company pays for such usage on a per-flight basis at a rate which management believes approximates market prices. Total amounts incurred to this entity during the year ended June 28, 1997, the six months ended December 27, 1997, and the year ended December 26, 1998 were \$100,000 and \$267,000, and \$291,000 respectively.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

8. RESTRUCTURING AND OTHER ASSET WRITE-DOWNS

The net restructuring and other asset write-downs of \$36.1 million in 1998 included a \$21.4 million charge for the write-down of the Company's COBA U.K. business and a \$5.7 million charge for the write-down of goodwill and other assets associated with the Company's Technomics business, both recorded in the fourth quarter of 1998. In connection with certain business unit and functional realignments made by the Company, a decision was made to dispose of these non-performing Strategy business units. No proceeds are anticipated from the discontinuance of these business units.

Net restructuring and other asset write-downs also included \$9.0 related to a restructuring plan designed to focus the Company on the new corporate strategy and eliminate redundant facilities and personnel recorded in the third quarter of 1998. Details of the charges and the activity recorded during 1998 are as follows:

<TABLE>
<CAPTION>

	Discontinuance And Consolidation Of Offices	Severance and Other Costs	Write-down of Equipment and Other Assets	Total Costs
<S>	<C>	<C>	<C>	<C>
Total restructuring and other asset write-downs	\$1,254	\$4,198	\$3,528	\$8,980
Total charges through year-end				
Non-cash costs				
Payments	--	--	2,938	2,938
Balance, December 26, 1998	205	2,965	--	3,170
	-----	-----	-----	-----
	\$1,049	\$1,233	\$ 590	\$2,872
	=====	=====	=====	=====

</TABLE>

The write-down of equipment and other assets relates primarily to software and other computer equipment no longer utilized by the Company. Charges for the discontinuance and consolidation of offices are related to future lease payments related to vacated properties in excess of estimated sublease income. Severance and other costs include expenses related to the termination of approximately 50 employees, primarily in certain business initiatives the Company decided to exit, and amounts owed under recruiting contracts for positions which were eliminated.

The Company currently expects the remaining restructuring accrual to be utilized, primarily through cash disbursements funded from operations or the use of additional borrowings in 1999.

9. FINANCING ARRANGEMENTS

Lines of Credit

Renaissance: The Company has a line of credit facility in place which provides a borrowing base of 85% of eligible accounts receivable as defined, up to a maximum borrowing of \$85 million, payable on demand. Interest is payable monthly in arrears at the bank's prime rate plus .5% (9.0% at June 28, 1997, 9.0% at December 27, 1997, and 8.25% at December 26, 1998) or the LIBOR rate plus 2.5% (8.64% at June 28, 1997, 8.16% at December 27, 1997, and 7.71% at December 26, 1998), at the option of the Company. The line of credit is collateralized by all of the assets of the Company, excluding the assets of the Trust, contains certain restrictions, including limitations on the amount of distributions which can be made to stockholders, purchases of fixed assets, and loans which can be made to officers, and requires the maintenance of certain financial covenants.

This line of credit was scheduled to expire in February 1999 but was extended. This line was terminated on March 24, 1999.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

In February of 1999, the Company entered into a new line of credit with a different bank to provide a borrowing base of 85% of eligible accounts receivable as defined, up to a maximum borrowing of \$110 million. Interest is payable monthly in arrears at the LIBOR rate plus 2.0% on the higher of the bank's prime rate or the Fed Funds rate plus .50%, plus .75%, at the Company's option. The line is collateralized by all of the assets of the Company, contains certain restrictions, and requires maintenance of certain financial covenants. The new line of credit is for a 90 day term until syndication of a senior credit facility committed to by the bank consisting of a \$100 million Revolving Credit Facility and a \$50 million three year term loan facility is executed. This line was used to fund the debt previously funded by the line of credit which was terminated on March 24, 1999.

In addition to these lines of credit, the Company assumed with certain acquisitions additional revolving credit facilities, which collectively allowed borrowings of up to \$15 million at interest rates ranging from, prime to prime plus 2.5%. These credit facilities were terminated during 1998 concurrent with increase of the company's primary line of credit to \$85 million.

In June 1997, the Company entered into a line of credit agreement with a foreign bank to provide an overdraft facility of 1,400,000 British Sterling to JDA. This facility matures on January 31, 1998 and is secured by a \$2.0 million standby letter of credit from a U.S. bank. The Company is required to maintain this level of cash in this bank. There was \$1.5 million, \$1.5 million and \$1.0 million drawn on this facility as of June 28, 1997, December 27, 1997, and December 26, 1998, respectively. Interest is payable quarterly at the bank's base rate plus 0.875% (7.35% at June 28, 1997, 8.125% at December 27, 1997, and 8.625% at December 26, 1998) for amounts up to 1,000,000 British Sterling and the bank's base rate plus 2.0% for amounts over this level.

Neoglyphics: At June 29, 1996 Neoglyphics had a \$0.6 million line of credit with a bank, which was amended to \$2.0 million on December 12, 1997, collateralized by a promissory note and security agreement covering substantially all of Neoglyphics' assets. Interest is payable at one point above the bank's base rate (8.5% at June 29, 1996 and 8.5% at December 28, 1997) Borrowings under the line were, \$13,000 at June 28, 1997, \$700,000 at December 28, 1997, and \$1,734,000 at December 26, 1998.

Long-Term Debt

Long term debt consists of the following:

<TABLE>
<CAPTION>

	June 28, 1997	December 27, 1997	December 26, 1998

	(in thousands)		
<S>	<C>	<C>	<C>
Note payable due December 1997.....	\$ 129	\$ 129	--
Notes payable due November 30, 1998.....	375	250	--
Note payable due November 30, 1998.....	113	37	--
Note payable due December 31, 1998.....	10	10	--
Notes payable due August 1, 1999.....	--	3,748	1,500
Note payable due December 31, 1999.....	--	108	61
Note payable due May 2000.....	--	--	169
Notes payable due June 30, 2000.....	167	167	128
Notes payable due June 30, 2000.....	--	--	283
9.375% term loan due August 27, 2010.....	1,387	1,378	1,360
6.75% term loan due April 1, 2013.....	663	651	626
	-----	-----	-----
	2,844	6,478	4,127
Less: Current portion.....	560	2,876	1,803
	-----	-----	-----
	\$2,284	\$ 3,602	2,324
	=====	=====	=====

</TABLE>

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The note payable due December 1997 resulted from Renaissance's acquisition of JDA in December 1996 (see Note 4). These notes were paid in full via stock to the principal employees of JDA in January 1998.

The notes payable due November 30, 1998 resulted from Renaissance's acquisition of the former Axiom Consulting Group, Inc. in November 1994. The notes were unsecured and were payable to the former stockholders of Axiom Consulting Group, Inc. in semi-annual installments of \$125,000, plus interest at the prime rate published in The Wall Street Journal, beginning in May 1996.

The note payable due November 30, 1998 was due to a former executive of Hunter. The note was unsecured and non-interest bearing and due in installments of \$40,000 paid in January 1997 and four semi-annual installments of \$18,000 beginning in May 1997.

The note payable due December 31, 1998 was payable in monthly installments of \$904, including interest at an annual rate of 8.5%. A vehicle secured the note.

The notes payable due August 1, 1999 resulted from Renaissance's acquisition of EMS in August 1997. The notes are unsecured and payable to the former stockholders of EMS. The Company paid \$0.3 million in December 1997 and \$1.8

million in January 1998. An additional \$1.0 million is payable in two semi-annual installments beginning in August 1998 and an additional \$1.0 million is payable in August 1999.

The note payable due December 31, 1999 relates to an acquisition made by RSI prior to its acquisition by the Company. The note is unsecured and non-interest bearing.

The notes payable due June 30, 2000 resulted from ARI's repurchase of 510,436 shares of common stock and 465,000 shares of preferred stock from certain of its stockholders in June 1995 at a price of \$0.12 and \$0.325 per share, respectively. These repurchased shares have been excluded from the number of shares issued and outstanding on the accompanying consolidated balance sheet. In conjunction with this transaction, ARI issued \$261,000 in promissory notes, recorded as long-term debt on the accompanying balance sheet, due through June 30, 2000 in five equal installments of \$63,000, including interest of 6.83%, with the first payment due in June 1996. These notes are unsecured.

In July 1997, Neoglyphics entered into an installment note agreement with a bank for up to \$300,000. Monthly installments of principal and interest are based on the amount drawn with a maximum monthly payment of \$6,301. Final payment is due June 30, 2000. The note is collateralized by substantially all assets of Neoglyphics and bears interest at one point above the bank's base rate, (8.5% at December 27, 1997).

The term loan due August 27, 2010 is payable to a bank in monthly installments of \$12,000, including interest, and is collateralized by certain property of the Trust and the personal guarantee of Renaissance's president and significant stockholder.

The term loan due April 1, 2013 is payable in semi-annual installments of \$34,000, including interest, and is secured by a mortgage on the land and building of the Trust and the assignment of a life insurance policy on Renaissance's president and significant stockholder.

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Aggregate maturities of long-term debt are as follows at December 26, 1998 (in thousands):

<S>	<C>
1999.....	\$1,874
2000.....	466
2001.....	55
2002.....	60
2003.....	64
Thereafter.....	1,708

Total.....	\$4,127
	=====

</TABLE>

10. INCOME TAXES

Prior to April 11, 1995, January 1, 1996, November 27, 1996, January 1, 1997, December 31, 1996 and April 2, 1998, RSI, America's Registry, SCR, Neoglyphics, ISS and Triad, respectively, had each elected to be an S Corporation for federal income tax purposes as provided in Section 1362(a) of the Internal Revenue Code. As such, the corporate income or loss and credits were passed through to the stockholders and reported on their personal tax returns.

RSI's election to be treated as an S Corporation terminated effective with the closing of RSI's initial public offering. The cumulative effect of the temporary differences between financial accounting and income tax reporting was not material.

Neoglyphics elected to terminate its S Corporation status on January 1, 1997. At the time of this conversion, a net deferred tax liability of \$302,000 was recorded through the income tax provision on January 1, 1997. This deferred tax liability was comprised principally of the effects of Neoglyphics

being a cash basis tax payer.

America's Registry's, SCR's, ISS's and Triad's elections to be treated as S Corporations terminated in conjunction with the acquisition of all of the common stock of America's Registry, SCR, ISS and Triad by the Company. As a result, the income or loss of America's Registry commencing on January 1, 1996, the income or loss of SCR commencing on November 27, 1996, the income or loss of ISS commencing on December 31, 1996 and the income or loss of Triad commencing on April 2, 1998 is subject to corporate income tax, and is included in the income tax provision (benefit) described below.

At the time of conversion of America's Registry from an S Corporation to a C Corporation, a net deferred tax liability of \$642,000 was recorded through the income tax provision on January 1, 1996. This deferred tax liability was comprised principally of the remaining effects of America's Registry converting from the cash basis to the accrual basis for tax reporting purposes on January 1, 1994, offset by deferred tax assets for certain accrued expenses which are recognized in different periods for financial and tax reporting.

At the time of the conversion of SCR from an S Corporation to a C Corporation, a net deferred tax asset of \$403,000 was recorded through the income tax provision on November 27, 1996. The deferred tax asset was comprised principally of certain accrued expenses and allowances which are recognized in different periods for financial and tax reporting.

At the time of conversion of ISS from an S Corporation to a C Corporation, a net deferred tax liability of \$1,002,000 was recorded through the income tax provision on December 31, 1996. This deferred tax liability was comprised principally of the effect of converting from the cash basis to the accrual basis for tax reporting purposes.

At the time of conversion of Triad from an S Corporation to a C Corporation, a net deferred tax liability of \$2,878,000 was recorded through the income tax provision on April 2, 1998. This deferred tax liability was comprised principally of the effect of converting from the cash basis to the accrual basis for tax reporting purposes.

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

From its inception, Hunter reported its financial results for income tax purposes using the cash method of accounting. Upon acquisition by Renaissance, Hunter changed its method of accounting for income tax reporting purposes from the cash method to the accrual method. As a result, substantially all of the deferred tax liability related to Hunter accumulated on the balance sheet will become due and payable over a four-year period.

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

<TABLE>
<CAPTION>

	Year Ended June 29, 1996	Year Ended June 28, 1997	Six Months Ended December 27, 1997	Year Ended December 26, 1998
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Current:				
Federal.....	\$6,228	\$11,730	\$6,138	\$ 7,939
State.....	1,660	2,724	1,573	1,648
Foreign.....	--	1,150	1,566	1,859
	7,888	15,604	9,277	11,446
Deferred:				
Federal.....	(1,846)	46	(780)	(4,739)
State.....	(230)	8	(167)	(1,160)
	(2,076)	54	(947)	(5,899)
Change in tax status of RSI, America's Registry, SCR, ISS, Neoglyphics and Triad..	1,644	936	--	2,878
	\$7,456	\$16,594	\$8,330	\$ 8,425
	=====	=====	=====	=====

to offset future taxable income.

Income taxes computed using the federal statutory income tax rate differs from Renaissance's effective tax rate primarily due to the following:

<TABLE>
<CAPTION>

	Year Ended June 29, 1996	Year Ended June 28, 1997	Six Months Ended December 27, 1997	Year Ended December 26, 1998
<S>	<C>	<C>	<C>	<C>
Statutory U.S. Federal tax rate.....	35.0%	35.0%	35.0%	(35.0%)
State taxes, net of federal tax benefit....	4.8	5.3	22.4	1.4
Income from RSI, America's Registry, SCR, ISS, Triad and Neoglyphics not taxable for corporate income tax purposes	(14.8)	(3.3)	(4.8)	3.8
Non-deductible expenses.....	4.2	7.8	136.0	10.2
Goodwill not deductible for corporate income tax purposes.....	0.2	0.7	4.1	42.6
Foreign income taxed at different rates.....	0.5	0.3	8.5	(0.2)
Change in tax status of America's Registry, SCR and ISS.....	9.1	2.5	--	12.6
Other.....	(0.7)	0.8	2.0	1.3
	-----	-----	-----	-----
Effective tax rate.....	38.3%	49.1%	203.2%	36.7%
	=====	=====	=====	=====

</TABLE>

Non-deductible expenses during the year ended June 28, 1997 and six months ended December 27, 1997 and the year ended December 26, 1998 primarily relate to certain costs incurred in connection with the acquisitions of ARI, SCR, ISS, RSI, Hunter, Neoglyphics and Triad.

Undistributed earnings of certain foreign subsidiaries aggregated approximately \$2.3 million on December 26, 1998, which under existing law, will not be subject to U.S. tax until distributed as dividends. Since the earnings have been or are intended to be indefinitely reinvested in foreign operations, no provision has been made for any U.S. taxes that may be applicable thereto. Furthermore, any taxes paid to foreign governments on those earnings may be used in whole or in part as credits against the U.S. tax on any dividends distributed from such earnings. It is not practicable to estimate the amount of unrecognized deferred U.S. taxes on these undistributed earnings.

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

11. STOCKHOLDERS' EQUITY

Preferred Stock, \$.10 par value

On April 10, 1996, Renaissance's then sole stockholder authorized 1,000,000 shares of preferred stock, \$.10 par value. Preferred stock may be issued in one or more series at the discretion of the Board of Directors of Renaissance (without shareholder approval) with such designations, rights and preferences as the Board of Directors may determine. The preferred stock may have dividend, liquidation, redemption, conversion, voting or other rights which may be more expansive than the rights of the holders of Renaissance's common stock.

Preferred Stock, no par value

Renaissance's wholly-owned subsidiary, ARI, was authorized to issue 5,000,000 shares of preferred stock, of which 3,000,000 shares were designated as Series A Preferred Stock (the "Series A Preferred Stock"). The remaining

preferred stock may have been issued from time to time in one or more additional series at the discretion of the Board of Directors. Shares of Series A Preferred Stock were non-redeemable and had a liquidation preference of \$.79 per share plus any declared but unpaid dividends.

Each share of Series A Preferred Stock was convertible into the number of shares of common stock that results from dividing the conversion price in effect at the time of conversion into \$.79 for each share of Series A Preferred Stock being converted. The conversion price of the Series A Preferred Stock was initially \$.1084 per share, subject to adjustment for stock splits, dividends, distributions, and combinations. At June 29, 1996, all shares of Series A Preferred Stock were convertible into .548856 shares of Renaissance's common stock based on a conversion price of \$.1084 per share.

On November 26, 1996, in conjunction with the acquisition of ARI by Renaissance (see Note 3), all of the outstanding shares of Series A Preferred Stock were converted into 1,434,160 shares of common stock.

RSI Preferred Stock, \$.01 par value

Renaissance's wholly-owned subsidiary, RSI authorized 2,000,000 shares, \$.01 par value per share preferred stock. RSI's Board of Directors was authorized, without shareholder approval, to issue such shares of preferred stock in one or more series, with such rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, as the Board of Directors may determine.

Stock Split and Authorized Shares

On July 30, 1997, Renaissance's stockholders approved an increase to 99,000,000 in the number of authorized shares of common stock of Renaissance. On February 12, 1998, Renaissance announced a 2-for-1 stock split, effected as a dividend, on Renaissance common stock. Shareholders of record on March 2, 1998 participated in the stock split, which took place on March 24, 1998.

All shares and per share amounts included in the consolidated financial statements have been adjusted to give retroactive effect to the stock split for all periods presented.

Sale of Common and Preferred Stock

On November 19, 1996, ARI sold 55,000 units to an unrelated investor for net proceeds of \$2.6 million. Each unit consisted of shares of ARI's series A Preferred Stock and 1.0978 shares of Renaissance's common stock, for a total of 165,000 shares of Series A Preferred Stock and 60,374 shares of common stock.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Public Offerings of Common Stock

On June 10, 1996, Renaissance completed its initial public offering for the sale of 4,460,000 shares of common stock, which included 660,000 shares in respect of the underwriters' over-allotment option. Renaissance received \$34.5 million from the sale of the shares, net of the underwriting discounts and expenses associated with the offering. Additionally, Renaissance had previously incurred \$294,000 of costs related to the initial public offering that were deferred in previous years which were also charged against the proceeds of the offering. Net proceeds were used to repay all outstanding indebtedness under Renaissance's credit facility and certain term loans.

On February 26, 1997, Renaissance completed a secondary public offering for the sale of 2,468,332 shares of common stock, including the reissuance of the treasury shares acquired in conjunction with the acquisition of SCR (see Note 3). Renaissance received approximately \$48.3 million from the sale of the shares, net of the underwriting discounts and expenses associated with the offering. The excess of the cost of the treasury stock over the net reissuance price has been charged to retained earnings. Net proceeds were used to repay all outstanding indebtedness under Renaissance's credit facility.

On May 17, 1996, RSI completed a follow-on public offering, whereby RSI issued 1,443,400 shares of common stock and existing shareholders sold

1,036,000 shares of common stock. The net proceeds from the sale of shares by RSI were approximately \$28.3 million, after deducting offering expenses of \$225,000.

On November 18, 1996, RSI completed an additional offering. The transaction included 344,240 shares sold by the Company and 1,679,760 shares sold by existing shareholders, including shares acquired by Gemini upon exercise of the Gemini Warrants (below). The net proceeds of the offering were \$6.5 million, after deducting offering expenses of \$353,000.

Treasury Stock

In September 1998, the Board of Directors authorized the Company to repurchase up to 200,000 shares of its common stock through the open market. The Company repurchased 200,000 shares through December 26, 1998 for a total of \$2.5 million.

Gemini Warrants

RSI sold two warrants (together, the "Gemini Warrants") to Gemini upon the closing of RSI's initial public offering for an aggregate purchase price of \$1.6 million. One warrant was exercisable through April 11, 1998 for up to 501,760 shares of common stock at an exercise price equal to \$8.125 per share. The second warrant was exercisable through November 1, 1999 for up to 512,000 shares of common stock at an exercise price equal to \$12.1875 per share. In November 1996, Gemini exercised the warrants and RSI received proceeds from the exercise of \$10.3 million.

12. STOCK PLANS

Employee Stock Option Plans

The Company currently has seven employee stock options plans, four of which were assumed upon the acquisitions of ARI, RSI, Hunter and Neoglyphics and one created to authorize grants of options to the Company's international employees. They are as follows:

1996 Stock Plan

This plan, adopted in March 1996, authorizes the grant of incentive stock options, non-qualified stock options, stock purchase authorizations or stock bonus awards to key employees, including officers, employee directors and consultants.

As of December 27, 1997, the total number of shares of Common Stock authorized under the 1996 Plan was 7,200,000. In May of 1998, the shareholders approved an amendment to the 1996 Stock Plan increasing the number of shares of common stock available for awards under the Plan. The amendment provided that for a three-year period, the shares available under the Plan will be increased each year by a number of shares equal to 4% of the total outstanding shares at the beginning of each year. For 1998, that increase was equal to 4% of the shares outstanding on the date of the annual meeting of shareholders (55,796,624 shares resulting in 2,231,864 additional shares authorized).

Incentive stock options cannot be granted to consultants. For incentive options, the purchase price is equal to the fair market value on the date of grant (110% of fair market value for stockholders who hold greater than 10% of Renaissance's stock at the time of grant). For non-qualified options and stock purchase authorizations, the purchase price is determined by the Board of Directors within limits as set forth in the plan, but shall not be less than 85% of the fair market value of common stock on the date of grant. The periods over which options are exercisable are determined by the Board of Directors. If permitted by the Board of Directors, employees may use previously acquired shares of Renaissance's common stock (provided that such shares tendered have been held for at least six months) or may borrow money from Renaissance on a recourse basis (for a period of time not to exceed five years) to pay the exercise price of shares purchased. Options may expire up to ten years after the date of grant (five years for incentive options granted to 10% stockholders). The Board of Directors has the discretion to designate non-qualified options as transferable. The plan will terminate in March 2006.

1995 RSI Equity Incentive Plan

In January 1995, RSI's Board of Directors adopted and the stockholders approved the 1995 Equity Incentive Plan (the "RSI Equity Plan"). Under the terms of the RSI Equity Plan, the Company is authorized to make awards of restricted stock and to grant incentive and non-statutory options to employees of, and consultants and advisors to the Company to purchase shares of the common stock of the Company. A total of 3,360,000 shares of common stock may be issued upon exercise of options granted or awards made under the RSI Equity Plan. Options granted through December 27, 1997 generally vest in either four or five equal annual installments commencing on the first anniversary of the optionee's date of hire.

SCR Option

On April 1, 1993, SCR granted a non-qualifying stock option to a key employee to purchase 96,286 shares of common stock at an exercise price of \$0.00365 per share. The option had a nine-year vesting period, subject to acceleration for certain events (such as the sale, merger or liquidation of SCR, or an initial public offering), and an expiration date of April 1, 2002. Compensation expense of \$281,000, which represented the excess of the estimated fair value of the stock on the date of grant over the exercise price, was being recognized over the nine-year vesting period. The unrecognized portion of the compensation expense was recorded as a reduction of stockholders' equity in the accompanying balance sheet. Effective November 27, 1996, the stock option was exercised in accordance with the acceleration clause of the option agreement in connection with the acquisition of SCR by the Company (see Note 3) and the remaining unamortized balance of deferred stock compensation of \$164,000 was recorded as expense at that time.

1994 ARI Stock Plan

In 1994, ARI adopted the 1994 Stock Option Plan (the "1994 ARI Plan"), under which 823,284 shares of common stock were reserved for issuance to eligible employees, directors and consultants upon the exercise of stock options. ARI also had outstanding options to purchase 14,818 shares of common stock and 27,000 shares of Series A Preferred Stock which were granted prior to the adoption of the 1994 ARI Plan. Stock options were granted at prices determined by ARI's former Board of Directors and generally may not be less than 100% and 85%, for incentive and nonstatutory options, respectively, of the estimated fair value of the related shares on the

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

date of grant. Options granted under the 1994 ARI Plan are for a period not to exceed ten years, are exercisable beginning generally one year after the date of grant and vest ratably over a maximum period of five years following the date of grant.

ARI also had options outstanding to purchase 27,000 shares of Series A Preferred Stock outstanding at June 24, 1995 and June 29, 1996. On November 26, 1996, in conjunction with the acquisition of ARI by the Company, all options to purchase Series A Preferred Stock were converted into options to purchase 14,818 shares of common stock.

All stock options granted to ARI's former management employees fully vested in the event of a change of control, as defined by the ARI Board of Directors. This change of control occurred upon acquisition of ARI by the Company in November of 1996. Since that date, all options outstanding were exercised. There are no outstanding options in the 1994 ARI Plan at December 26, 1998.

Renaissance does not intend to grant any further options under the 1994 ARI Plan.

1991 Hunter Employee Non-Qualified Stock Option Plan

In 1991, Hunter adopted the 1991 Employee Non-Qualified Stock Option Plan (the "Hunter Employee Non-Qualified Stock Option Plan") to provide long term performance incentives to Hunter employees. All options granted are non-qualified options. The Hunter Board of Directors determines the option price, which may be different than the fair market value of the common stock at the date of option grant. Hunter has reserved 1,990,860 shares for issuance under the Hunter Employee Non-Qualified Stock Option Plan. Options vest and expire as determined at the grant date by the Hunter Board of Directors, provided

that no options may be exercised later than ten years after the grant of the option.

A former officer of Hunter exercised options to purchase 18,913 shares of common stock in October 1996. Upon ceasing employment, Hunter promised to pay this individual \$113,000 instead of issuing shares. This promise was evidenced in January 1997 by a \$113,000 non-interest bearing note (see Note 9). The amount of the note, which is included as compensation expense, was based on Hunter's estimate of the fair market value of the underlying stock at the time of his exercise.

1996 Neoglyphics Stock Option Plan

In 1996, Neoglyphics adopted a stock option plan that provides for incentive stock options for key employees and nonqualified stock options for key individuals, including nonemployees. Neoglyphics had reserved 224,910 shares for issuance under the stock option plan.

1998 Acquisition Plan

In April 1998, the Board of Directors approved the 1998 Acquisition Plan for use exclusively for non-qualified options to be awarded to employees of acquired businesses. This plan has the same term and vesting provisions of the 1996 Stock Plan. A total of 1,000,000 shares of common stock were authorized for issuance under the Plan.

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

1998 International Plan

In April 1998, the Board of Directors approved the 1998 International Plan for use exclusively for non-qualified options to be awarded to employees in foreign jurisdictions. This plan has the same term and vesting provisions of the 1996 Stock Plan. A total of 1,000,000 shares of Common Stock were authorized for issuance under the Plan.

Option repricing

In December 1998 the Company offered employees the opportunity to reprice their stock options at the current fair market value of the Company's common stock on December 15, 1998, the repricing date. Employees electing to take advantage of this repricing program agreed to a two for one exchange of their options and to a one year holding period. In connection with the repricing, the Company repriced 6,079,000 of existing options with a weighted average exercise price of \$21.60. This plan was completed on December 15, 1998.

Transactions under the Stock Plans are summarized as follows:

<TABLE>
<CAPTION>

	June 29, 1996		June 28, 1997		December 27, 1997		December 26, 1998	
	Number Of Options	Weighted Average Exercise Price						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of period.....	2,256,432	\$3.82	5,640,109	\$ 7.13	8,347,962	\$14.85	12,221,607	\$ 16.12
Elimination of duplicate activity from July to December.....	1,646	0.12	(376,368)	--	--	--	--	--
Addition of activity from January to June.....	--	--	--	--	248,559	\$11.00	--	--
Granted.....	3,929,405	8.88	5,141,809	18.70	4,421,009	22.43	7,546,143	13.44
Exercised.....	(311,810)	5.82	(1,217,193)	3.19	(91,902)	7.99	(1,301,014)	4.44
Canceled.....	(235,564)	6.43	(855,213)	9.967	(704,021)	20.26	(8,541,374)	21.15
Conversion of Series A Preferred Stock Options to Common								

Stock Options.....	--	--	14,818	0.66	--	--	--	--
Outstanding at end of period.....	5,640,109	\$7.13	8,347,962	\$14.85	12,221,607	\$16.12	9,925,362	\$ 11.28
Exercisable at end of year.....	1,185,332	\$1.23	1,185,229	\$ 3.14	1,686,430	\$ 4.01	1,681,809	9.55
Weighted average fair value of options granted during the period.....		\$ 3.96		\$10.98		\$13.42		\$ 9.34
Options available for future grant.....	4,099,893		6,543,988		4,667,335		8,894,430	

The following table summarizes information about stock options outstanding at December 26,1998 under the RSI Equity Plan and RSI Director Plan:

Range Of Exercise Prices <S>	Number Outstanding As Of December 26, 1998	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable As Of December 26, 1998	Weighted Average Exercise Price
	<C>	<C>	<C>	<C>	<C>
\$ 0.40 - \$ 1.99	324,499	6.52	\$ 0.93	190,414	\$0.96
\$ 5.00 - \$ 6.50	4,797,618	8.14	5.80	910,755	5.76
\$ 7.38 - \$ 7.66	404,085	9.65	7.40	32,000	7.66
\$ 8.00 - \$10.63	766,215	9.10	9.54	53,308	8.70
\$11.00 - \$13.50	270,289	8.50	11.91	38,254	11.28
\$14.22 - \$15.78	261,029	9.01	15.23	28,943	15.68
\$16.25 - \$19.69	1,133,792	9.25	17.97	133,691	17.47
\$20.16 - \$22.63	1,157,752	8.74	22.04	220,565	22.06
\$23.13 - \$29.56	810,083	8.76	25.22	73,879	24.80
\$ 0.40 - \$29.56	9,925,362	8.50	\$11.28	1,681,809	\$9.54

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Shares Reserved for Future Issuance

A total of 18,214,591 shares of Renaissance Common Stock has been reserved for issuance under Renaissance's various stock plans at December 26, 1998.

Directors Stock Plans

1996 Eligible Directors' Stock Plan

This plan authorizes the grant of an option to purchase 40,000 shares of common stock to each non-employee director on the date of the director's initial election to the Board of Directors. The exercise price of options granted is 100% of the closing price per share of common stock on the date of grant. Directors may use previously acquired shares of Renaissance's common stock to pay the exercise price of shares purchased provided that such shares tendered have been held for at least six months. An aggregate of 200,000 shares of common stock may be issued under the plan. Options are exercisable in four equal annual installments, commencing on the first anniversary date of the grant. Options expire ten years after the date of grant. The plan will terminate in March 2006.

In April and May 1996, options to purchase 40,000 shares each of common stock at an exercise price of \$5.50 and \$6.50 per share, respectively, were granted to newly-elected directors.

1995 RSI Director Stock Option Plan

In January 1995, the RSI Board of Directors adopted and the RSI stockholders approved the 1995 Director Stock Option Plan (the "RSI Director Plan"), which became effective on the closing of RSI's initial public offering. Under the terms of the RSI Director Plan, the directors of RSI who were not employees of

the Company were eligible to receive non-statutory options to purchase shares of common stock. A total of 80,000 shares of common stock may be issued upon exercise of options granted under the RSI Director Plan. Options to purchase 40,000 shares of Common Stock have been granted to the two eligible directors. The exercise price of options granted under the RSI Director Plan was equal to the closing price of the common stock on the date of grant.

1998 Directors Stock Plan

In May of 1998, the stockholders of the Company approved the 1998 Directors Stock Option Plan (the "1998 Directors Plan") that replaced the existing 1996 Eligible Directors' Stock Plan. Under the 1998 Directors Plan, outside directors of the Company will receive equity compensation in three ways. Upon joining the Board, an outside director will receive an option covering 20,000 shares of Common Stock. This option will become exercisable in four annual installments beginning one year after grant. Outside directors will also receive an option covering 2,500 shares of common stock after each year of service. This award, which represents compensation for service during the previous year, will be immediately exercisable. Each director will be required to take one-half on the annual retainer (currently \$12,000) in options having an equivalent value and may elect to take all or a portion of the balance in options as well. Two outside directors, who had served two years without annual equity awards, were each granted immediately exercisable options covering 5,000 shares.

Stock Purchase Plans

1996 Employee Stock Purchase Plan

This plan, which is intended to qualify under Section 423 of the Internal Revenue Code, authorizes the grant of options to eligible employees on a semi-annual basis to purchase shares of Renaissance's common stock. For the June 1996, January 1997, and July 1997 offerings, the plan permitted eligible employees to purchase up to 400 shares of common stock in any six month offering period through the accumulation of payroll deductions,

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

which may not exceed 10% of the employee's compensation. For the June 1996, January 1997 and July 1997 offerings, employees were eligible to participate if they have been employed by Renaissance for at least eighteen months. Commencing with the January 1998 offering, employees are eligible to participate upon employment by Renaissance. Shares are purchased at 85% of the lower of the fair market value of Renaissance's common stock at the beginning or end of each six month offering period. Employees may end their participation in the offering at any time during the offering period, and participation ends automatically on termination of employment. The first stock offering period under the plan commenced on June 5, 1996, the effective date of the registration statement covering Renaissance's initial public offering. 56,178, 46,510 and 259,514 shares of Common Stock were issued under this plan during the year ended June 28, 1997, the six month period ended December 27, 1997 and the year ended December 26, 1998, respectively, at issuance prices of \$7.23, \$19.55, and \$18.78 respectively. In May 1998, the shareholders approved an amendment to the 1996 Employee Stock Purchase Plan changing the maximum number of shares to be purchased by eligible employees in any six month offering period to 200 shares and amending the termination provisions of an employee under the plan. In addition, greater flexibility in choosing which subsidiaries will participate in the Plan was granted in consideration of some of the subsidiaries in foreign countries. The plan will terminate in March 2006.

1995 RSI Employee Stock Purchase Plan

In January 1995, RSI's Board of Directors adopted and the shareholders approved the 1995 Employee Stock Purchase Plan (the "RSI Purchase Plan"), which became effective on the closing of RSI's initial public offering. The RSI Purchase Plan authorizes the issuance of up to a total 720,000 shares of common stock to participating employees. Under the terms of the RSI Purchase Plan, the purchase price is an amount equal to 85% of the fair market value per share of the common stock on either the first day or the last day of the offering period, whichever is lower. 67,429 shares, 55,296 shares and 27,160 shares were issued under the RSI Purchase Plan during the years ended June 29, 1996, June 28, 1997 and the six months ended December 27, 1997 at a weighted average price of \$9.16, \$13.21, and \$24.57, respectively. The weighted average

fair value of the 1996, 1997, and December 1997 awards under the RSI Purchase Plan were \$1.61, \$4.77, and \$11.79 per share, respectively. Commencing in January of 1998, the Company terminated the RSI Employee Stock Purchase Plan.

Accounting Treatment

Renaissance applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock option plans. Compensation is recognized for the difference between the exercise price of options granted and the estimated fair value of the related shares on the date of grant, and is recorded over the vesting period. Amortization of compensation expense totaled \$31,000, \$494,000, \$750,000, and \$0 in the years ended June 29, 1996 and June 28, 1997, and in the six months ended December 27, 1997 and in the year ended December 26, 1998, respectively. The benefit of tax deductions associated with the exercise of non-qualified stock options in excess of the amount of compensation recorded for financial reporting purposes is recorded as a credit to additional paid-in capital.

In October 1995, the FASB issued SFAS No. 123 "Accounting for Stock-Based Compensation". SFAS No. 123 is effective for periods beginning after December 15, 1995. SFAS No. 123 requires that companies either recognize compensation expense for grants of stock options and other equity instruments based on fair value, or provide pro forma disclosure of net income and earnings per share in the notes to the financial statements. Renaissance adopted the disclosure provisions only of SFAS No. 123. Had compensation cost of Renaissance's stock-based compensation plans been determined based on the fair value at the grant dates as calculated in accordance with SFAS No. 123, Renaissance's net income and earnings per share for the years ended June 29,

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

1996 and June 28, 1997, the six months ended December 27, 1997 and December 26, 1998 would have been reduced to the pro forma amounts indicated below:

<TABLE>

<CAPTION>

	As Reported			
	Year Ended June 29, 1996	Year Ended June 28, 1997	Six Months Ended December 27, 1997	Year Ended December 26, 1998
<S>	<C>	<C>	<C>	<C>
Net Income (loss).....	\$12,020	\$17,174	\$ (4,231)	\$ (31,346)
Net Income (loss) per share--basic.....	\$ 0.28	\$ 0.34	\$ (0.08)	\$ (0.57)
Net Income (loss) per share--diluted.....	\$ 0.26	\$ 0.31	\$ (0.08)	\$ (0.57)

</TABLE>

<TABLE>

<CAPTION>

	Pro Forma			
	Year Ended June 29, 1996	Year Ended June 28, 1997	Six Months Ended December 27, 1997	Year Ended December 26, 1998
<S>	<C>	<C>	<C>	<C>
Net Income (loss).....	\$10,229	\$10,737	\$ (13,970)	\$ (65,595)
Net Income (loss) per share--basic.....	\$ 0.24	\$ 0.21	\$ (0.26)	\$ (1.18)
Net Income (loss) per share--diluted.....	\$ 0.22	\$ 0.20	\$ (0.26)	\$ (1.18)

</TABLE>

Because options vest over several years and this pro forma disclosure only reflects grants made in the last three fiscal periods, the effects of applying SFAS No. 123 in this pro forma disclosure are not likely to be representative of the effects on reported net income for future years.

The fair market value of each stock option granted during the year ended June 29, 1996 was estimated using the Black-Scholes option-pricing model with the following assumptions: an expected life of 3-4 years, expected volatility of 0% for Hunter and Renaissance (pre IPO periods) and 62% for RSI, a dividend yield of 0% and risk-free interest rates of 5.8 to 6.4%. The fair market value

of each stock option granted during the year ended June 28, 1997 was estimated using the Black-Scholes option-pricing model with the following assumptions: an expected life of 3-5 years, expected volatility of 43% to 62%, a dividend yield of 0% and risk-free interest rates of 6.3%. The fair market value of each stock option granted during the six months ended December 27, 1997 was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: an expected life of 5.25 years, expected volatility of 45%, a dividend yield of 0% and risk-free interest rates of 6.2%. The fair market value of each stock option granted during the year ended December 26, 1998 was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions: an expected life of 5.50 years, expected volatility of 79%, a dividend yield of 0% and risk-free interest rates of 6.0%.

The fair market value of offerings under the Renaissance stock purchase plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: an expected life of .5 years, expected volatility of 43.5%, a dividend yield of 0%, and risk-free interest rates of 6% in the fiscal years ended June 29, 1996, June 28, 1997 and the six months ended December 27, 1997.

The fair market value of offerings under the RSI stock purchase plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: an expected life of .5 years, expected volatility of 62% in fiscal 1996, fiscal 1997, and the six months ended December 27, 1997, a dividend yield of 0% for all periods, and risk-free interest rates of 5.63% in fiscal 1996, 5.27% in fiscal 1997 and 6.0% in the six months ended December 27, 1997. The fair market value of offerings under the Renaissance stock purchase plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: an expected life of .5 years, expected volatility of 55%, a dividend yield of 0% and risk-free interest rates of 6% for the year ended December 26, 1998.

The fair market value of offerings under the Neoglyphics Stock Option Plan was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: an expected life of 1 to 7 years, expected volatility of 0.01%, a risk-free interest rate of 6.0% and no dividend yield.

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

13. COMMITMENTS AND CONTINGENCIES

Operating Leases

Renaissance occupies premises under various noncancelable operating leases which include terms requiring Renaissance to pay a pro-rata portion of increased operating expenses and real estate taxes. The leases expire on various dates through April 2018, and certain of the leases contain options for renewal or purchase of related equipment.

In January 1993, Renaissance entered into a three year lease with a real estate trust of which the president and significant shareholder of Renaissance is the sole beneficiary (the "Trust"), which required annual rental payments of \$120,000, payable in equal monthly installments of \$10,000. This lease continued to be amended upon subsequent expansions of the leased area and currently requires annual payments of \$531,000 payable in equal monthly installments of \$44,000. The amended lease term is September 2010. In conjunction with the amendment of the lease in September 1995, Renaissance began to consolidate the accounts of the Trust on a prospective basis (see Note 15).

In June 1998, the Company entered into a ten year agreement to lease 200,000 square feet in Waltham, Massachusetts in a building currently under construction, which is to be the site of the Company's new headquarters. The Company expects to consolidate four offices located around Massachusetts (including the Lincoln and Newton locations) into this new location and to sublet approximately 45,000 square feet of this space. The construction is scheduled for completion in September of 1999.

In August 1998, the Company entered into a twenty year agreement to lease 30,000 square feet in London, England to consolidate multiple branch locations

operating in the city.

Rent expense for the years ended June 29, 1996 (excluding amounts paid to the Trust after September 19, 1995), and June 28, 1997, the six months ended December 27, 1997 and the year ended December 26, 1998 was \$5,045,000, \$6,764,000, \$5,070,000, and \$10,240,000 respectively.

Future minimum payments under non-cancelable leases at December 26, 1998 are as follows, excluding amounts payable to the Trust (in thousands):

<TABLE>
<CAPTION>

	Operating Leases	Capital Leases
<S>	<C>	<C>
1999.....	10,627	297
2000.....	15,494	30
2001.....	14,687	--
2002.....	13,200	--
2003.....	11,068	--
Thereafter.....	85,156	--
	-----	-----
Total minimum lease payments.....	\$150,232	327
	=====	=====
Less--amount representing interest.....		32

Present value of obligations under capital leases.....		\$295
		=====

</TABLE>

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The cost and accumulated amortization of assets, primarily for office equipment and software, under capital leases are as follows:

<TABLE>
<CAPTION>

	June 28, 1997	December 27, 1997	December 26, 1998
<S>	<C>	<C>	<C>
		(in thousands)	
Cost.....	\$731	\$226	\$572
Accumulated amortization.....	(232)	(93)	(154)
	----	----	----
	\$499	\$133	\$418
	=====	=====	=====

</TABLE>

14. EMPLOYEE BENEFIT PLANS

Renaissance provides employee retirement savings plans under Section 401(k) of the Internal Revenue Code which cover substantially all employees. Under the terms of the plans, employees may contribute a percentage of their salary up to a maximum of 10%-20% which is then invested in one or more of several mutual funds selected by the employee. Renaissance may make contributions to the Renaissance plan at its discretion; such contributions totaled \$563,000, \$605,000, \$472,000, and \$2,984,000 for the years ended June 29, 1996, and June 28, 1997, the six months ended December 27, 1997 and the year ended December 26, 1998, respectively.

15. FINANCIAL INSTRUMENTS

Renaissance enters into various types of financial instruments in the normal course of business. Fair values are estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of perceived risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of year end or that will be realized in the future.

The carrying amounts of Renaissance's financial instruments, which include marketable securities (see Note 5), accounts receivable, notes receivable, line of credit, accounts payable, accrued salaries and wages, other accrued

expenses, income taxes payable and long-term debt approximate their fair values at June 28, 1997, December 27, 1997, and December 26, 1998.

16. CONSOLIDATION OF REAL ESTATE TRUST

As described in Note 13, Renaissance leases office space from the Trust, of which the president and significant stockholder of Renaissance is the sole beneficiary and an officer of Renaissance is the trustee. Effective September 19, 1995, Renaissance renegotiated its lease with the Trust in conjunction with a refinancing of the Trust's mortgage. The modified lease terms expanded the amount of space which Renaissance occupies, committed Renaissance to rent the facility through the maturity date of the mortgage loan, and granted Renaissance a right of first refusal to lease any space in the facility currently occupied by other tenants when the tenants' leases expire.

Accordingly, as of this date, Renaissance obtained significant control over the operations of the Trust and assumed a significant portion of the Trust's obligations. As a result, Renaissance has consolidated the accounts of the Trust as of September 19, 1995 on a prospective basis. As of September 19, 1995, the Trust reported the following assets and liabilities (in thousands):

<TABLE>	
<S>	<C>
Fixed assets, net.....	\$ 1,750
Other current assets.....	49
Security deposits and deferred income.....	(84)
Notes payable to Renaissance.....	(365)
Mortgage loans payable.....	(1,461)

	\$ (111)
	=====

</TABLE>

RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

17. LEGAL SETTLEMENT

In August 1996, ARI received a settlement of \$1,625,000 from its insurance company for payment of defense costs and certain expenses associated with a previous intellectual property rights matter. This amount, net of related expenses, has been included in interest and other income in the accompanying consolidated statement of income.

18. SEGMENT INFORMATION

The Company adopted SFAS 131 in fiscal 1998. The prior years' segment information has been restated to represent the Company's four primary business segments; Business Strategy, Enterprise Solutions, Government Solutions and IT Consulting Services.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in Note 2 to these financial statements. Segment data includes intersegment revenues. All intersegment sale prices are market based.

The following presents information about reported segments for the years ended June 29, 1996 and June 28, 1997, the six months ended December 27, 1997 and the year ended December 26, 1998:

<TABLE>
<CAPTION>

	For the year ended			

			For the six	For the year
	June	June	months ended	ended
	29, 1996	28, 1997	December 27,	December 26,
			1997	1998
	-----		-----	-----
	(in thousands)			
<S>	<C>	<C>	<C>	<C>

Revenues:

Business Strategy.....	\$ 34,785	\$45,329	\$ 37,043	\$ 66,158
Enterprise Solutions.....	44,379	83,087	51,870	162,722
Government Solutions.....	--	--	3,541	19,876
IT Consulting Services.....	253,899	361,417	228,451	539,343
Reconciling items(1).....	--	--	(786)	(11,785)
	-----	-----	-----	-----
Total.....	\$333,063	\$489,833	\$320,119	\$776,314
	=====	=====	=====	=====

Income from operations before
other charges:

Business Strategy.....	\$ 7,437	\$6,148	\$6,896	\$ (8,812)
Enterprise Solutions.....	761	8,866	(561)	9,631
Government Solutions.....	--	--	643	3,297
IT Consulting Services.....	15,575	23,755	20,369	36,883
	-----	-----	-----	-----
Total.....	\$ 23,773	\$ 38,769	\$27,347	\$ 40,999
	=====	=====	=====	=====

Total Assets:

Business Strategy.....	\$ 59,182	\$ 77,482	\$ 99,361	\$ 51,394
Enterprise Solutions.....	25,053	35,416	33,022	55,023
Government Solutions.....	--	--	20,484	32,998
IT Consulting Services.....	65,879	115,348	157,443	232,650
Reconciling items(2).....	17,910	28,675	5,867	--
	-----	-----	-----	-----
Total.....	\$168,024	\$256,921	\$316,177	\$372,065
	=====	=====	=====	=====

</TABLE>

- (1) Represents intersegment revenues
(2) Represents unallocated corporate assets

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RENAISSANCE WORLDWIDE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Specific items included in segment profit/loss include the following:

<TABLE>
<CAPTION>

	For the year ended			

	June 29, 1996	June 28, 1997	For the six months ended December 27, 1997	For the year ended December 26, 1998
	-----	-----	-----	-----
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Total Segment Income From Operations Before				
Other Charges	\$23,773	\$38,769	\$27,347	\$ 40,999
Acquisition Related Expenses.....	3,524	8,268	17,961	6,904
Restructuring and Other Asset				
Writedowns.....	--	--	--	36,089
Corporate expenses.....	--	--	4,609	15,742
Interest and Other Income (Expense)				
Net.....	(773)	3,267	(678)	(5,185)
	-----	-----	-----	-----
Total Income Before Taxes.....	\$19,476	\$33,768	\$ 4,099	\$ (22,921)
	=====	=====	=====	=====

</TABLE>

GEOGRAPHIC INFORMATION

The following represent the revenue and operating income by geographic area for the years ended June 29, 1996 and June 28, 1997, the six months ended December 27, 1997, and the year ended December 26, 1998 and the identifiable assets by geographic area as of these dates:

<TABLE>
<CAPTION>

	Year Ended	

	Six Months	Year

	June 29, 1996	June 28, 1997	Ended December 27, 1997	Ended December 26, 1998
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Revenue:				
North America.....	\$326,631	\$466,482	\$293,187	\$703,948
Europe.....	6,432	22,671	25,231	67,914
Other.....	--	680	1,701	4,452
Total.....	\$333,063	\$489,833	\$320,119	\$776,314
Income from operations (excluding acquisition- related expenses):				
North America.....	\$ 23,551	\$ 35,193	\$ 20,361	\$ 50,394
Europe.....	222	3,383	3,088	(24,835)
Other.....	--	193	(711)	(302)
Total.....	23,773	38,769	22,738	25,257
Restructuring and other asset writedown.....	--	--	--	(36,089)
Acquisition-related expenses..	(3,524)	(8,268)	(17,961)	(6,904)
Interest and other income (expenses), net.....	(773)	3,267	(678)	(5,185)
Income before taxes.....	\$ 19,476	\$ 33,768	\$ 4,099	\$ (22,921)
Identifiable assets:				
North America.....	\$148,789	\$209,891	\$290,853	\$359,146
Europe.....	1,325	18,288	20,176	11,269
Other.....	--	67	(719)	1,650
Corporate assets.....	17,910	28,675	5,867	
Total.....	\$168,024	\$256,921	\$316,177	\$372,065

</TABLE>

Corporate assets represent marketable securities invested for all segments and regions. All other assets are used in the operations of individual entities in the different segments and geographical areas.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS OF THE REGISTRANT

The information required by this Item is included in Item 1 of this report or will be included under the captions "Election of Class I Director--Nominee," "Election of Class I Director--Other Directors," "Election of Class I Director--Board of Directors and Committees," and "Election of Class I Director--Director Compensation" and "Section 16(a) Beneficial ownership Reporting Compliance" in the Proxy Statement, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be included under the captions "Executive Compensation--Summary Compensation Table," "Executive Compensation--Option Grants in Last Fiscal Year," "Executive Compensation--Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values" and "Executive Compensation--Employment Agreements" in the Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item will be included under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item will be included under the caption "Certain Relationships and Related Transactions" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The financial statements and financial statement schedules filed under Item 8 as part of this report.

Listed below are all Exhibits filed as part of this Report. Certain Exhibits are incorporated herein by reference to The Registry's Registration Statement on Form S-1 (File No. 333-03366), and RSI's Registration Statement on Form S-1 (File No. 333-89524).

EXHIBIT INDEX

<TABLE>		
<CAPTION>		
Exhibit Number	Description of Document	Page
-----	-----	----
<C>	<S>	<C>
3.2(1)	Restated Articles of Organization of Registrant, as filed in Massachusetts on May 13, 1996.	
3.3(3)	Articles of Amendment to Restated Articles of Organization, filed in Massachusetts on July 30, 1997.	
3.4(3)	Articles of Amendment to Restated Articles of Organization, as filed in Massachusetts on January 7, 1998.	
3.5(3)	By-Laws of Registrant, as amended and restated on November 20, 1997.	
4.1(1)	Articles 3, 4, 5, and 6 of the Articles of Organization of Registrant (included in Exhibit 3.2).	
4.2(3)	Specimen Stock Certificate.	
10.1(1)	Leases dated September 19, 1995 between the 189 Wells Avenue Realty Trust and the Registrant for premises located at the 189 Wells Avenue, Newton, Massachusetts.	
10.2(3)	Registrant's 1996 Stock Plan and related form of stock option agreement.*	
10.3(3)	Registrant's 1996 Employee Stock Purchase Plan.*	
10.4(1)	Registrant's 1996 Eligible Directors' Stock Plan.*	
10.5(1)	Accounts Receivable Management and Security Agreement dated as of February 29, 1996 by and among BNY Financial Corporation and each of the Registrant, America's Registry, Inc. and The Registry, Inc. Network Consulting Practice.	
10.6(1)	Employment Agreement dated May 1996 between Registrant and G. Drew Conway.*	
10.7(1)	Amended and Restated Promissory Note dated May 30, 1996, payable to Registrant by G. Drew Conway.	
10.8(1)	Amended and Restated Promissory Note dated May 30, 1996, payable to Registrant by the 189 Wells Avenue Realty Trust.	
10.8(2)	Lease Agreement by and between Ladylin Properties Limited Partnership and RSI, Inc., dated as of November 1, 1993, as amended.	
10.9(3)	Registration Rights Agreement, dated as of November 26, 1997, by and among, The Registrant, Terry L. Hunter, and William M. Mercer Incorporated.	
10.10	1998 Directors Stock Plan.*	
10.11	Lease Agreement by and between Waltham 60/10 LLC and Renaissance Worldwide, Inc. dated as of June 30, 1998.	

</TABLE>

Exhibit Number	Description of Document	Page
10.12	Credit Agreement among Renaissance Worldwide, Inc., as Borrower, NationsBank, N.A., as Administrative Agent, NationsBanc Montgomery Securities LLC, as Syndication Agent, and the Lenders, dated February 24, 1999.	
10.13	Pledge and Security Agreement, dated as of February 24, 1999, between Renaissance Worldwide, Inc., and NationsBank, N.A., as Administrative Agent for the Lenders.	
21	Subsidiaries of Registrant.	
23.1	Consent of PricewaterhouseCoopers LLP	
23.2	Consent of Katch Tyson & Company.	
23.3	Consent of Deloitte & Touche LLP.	
23.4	Consent of Goldstein Golub Kessler LLP.	
27.1	Financial Data Schedule--December 26, 1998.	

</TABLE>

* Denotes management contract or compensation arrangements.

- (1) Filed as an Exhibit to The Registry's Registration Statement on Form S-1 (File No. 333-03366) and incorporated by reference herein.
- (2) Filed as an Exhibit to RSI's Registration Statement on Form S-1 (File No. 333-89524).
- (3) Filed as an Exhibit to Renaissance Worldwide Inc.'s Report on Form 10-K for the transition period from June 28, 1997 to December 27, 1997 (File No. 0-28192).

(b) On November 5, 1998, the Company filed a Report on Form 8-K reporting under Item 5 to restate the financial statements and management's discussion and analysis of such financial statements to reflect the poolings of interest transactions with Neoglyphics Media Corporation and Triad Data, Inc. for the three years ended June 28, 1997 and the six months ended December 27, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 26, 1999

Renaissance Worldwide, Inc.

/s/ G. Drew Conway

By: _____
 G. Drew Conway
 President, Chief Executive Officer
 and Chairman of the Board of
 Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated:

<TABLE>

<S> <C>

Signature

Capacity

Date

/s/ G. Drew Conway

President, Chief
 Executive Officer
 and Chairman of the
 Board of Directors
 (Principal
 Executive Officer)

March 26, 1999

G. Drew Conway

/s/ Richard L. Bugley Richard L. Bugley	Vice President, General Counsel, Clerk and Assistant Treasurer (Interim Principal Financial and Accounting Officer)	March 26, 1999
/s/ Robert P. Badavas Robert P. Badavas	Director	March 26, 1999
/s/ Paul C. O'Brien Paul C. O'Brien	Director	March 26, 1999

</TABLE>

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SCHEDULE II

RENAISSANCE WORLDWIDE, INC.

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

<TABLE>
<CAPTION>

	Additions			Deductions	
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Write-off of Uncollectible Accounts	Balance at End of Period
	<C>	<C>	<C>	<C>	<C>
Allowance for doubtful accounts:					
Year ended June 29, 1996.....	826	1,225	--	686	1,365
Year ended June 28, 1997(1).....	938	1,336	--	434	1,840
Six months ended December 27, 1997(2)..	2,174	3,090	--	1,820	3,444
Year ended December 26, 1998.....	3,444	12,703	--	6,531	9,616

</TABLE>

- (1) Beginning balance adjusted to reflect change in fiscal year end of RSI.
(2) Beginning balance adjusted to reflect change in fiscal year end of Hunter.

S-1

RENAISSANCE WORLDWIDE, INC.

1998 Directors' Retainer Plan
-----1. Purpose.

The purpose of this 1998 Directors' Stock Option In Lieu of Retainer Plan (the "Plan") of Renaissance Worldwide, Inc. (the "Company") is to promote the recruiting and retention of highly qualified directors and to strengthen the commonality of interest between directors and shareholders by providing for the receipt by the directors of the Company of all or a portion of their directors fees in the form of stock options.

2. Administration.

The Plan will be administered by the Board of Directors of the Company (the "Board"), whose construction and interpretation of the terms and provisions of the Plan shall be final and conclusive. The Board may delegate its power to administer the Plan to a committee (the "Option Committee") consisting of not less than two directors of the Company. All questions of interpretation of the Plan or of any options issued under it shall be determined by the Board, or any Option Committee, and such determination shall be final and binding upon all persons having an interest in the Plan. No Board member or member of an Option Committee shall be liable for any action or determination under the Plan made in good faith.

3. Participation in the Plan.

All directors of the Company who are not employees of the Company ("Eligible Directors") shall be eligible to be granted options under the Plan.

4. Stock Subject to the Plan.

(a) Shares available for issuance under the Plan shall be authorized but unissued Common Stock, no par value per share, of the Company (the "Common Stock") or, if the Board so decides in its sole discretion, previously issued Common Stock acquired by the Company and held in its treasury. No fractional shares of stock shall be issued under the Plan.

(b) All options granted under the Plan shall be non-qualified stock options which are not intended to meet the requirements of Section 422 of the

Internal Revenue Code of 1986, as amended or replaced from time to time (the "Code").

5. Election of Options.

(a) Each Eligible Director shall receive 50% of his or her Annual Retainer (the "Fixed Portion") in the form of stock options as provided hereunder. "Annual Retainer" means the amount that a director is entitled to receive for serving as a director from the date of one Annual Stockholders' Meeting (an "Annual Meeting") through the next Annual Meeting (such a period referred to herein as a "Plan Year"), as determined from time to time by the Board of Directors.

(b) Commencing on the date of the Annual Meeting on May 28, 1998, each Eligible Director may elect to take all or any portion of the balance of his or her Annual Retainer (the "Elective Portion") in the form of stock options as provided below. In order to receive the Elective Portion in stock options under the Plan, such director must complete and deliver to the Company a written election form (the "Election Form") on which he or she designates the Elective Portion. The election shall be irrevocable unless modified or revoked as provided in this subsection. In order to modify or revoke an election, the director must complete and deliver to the Company a change in Election Form at least six months prior to the proposed effective date providing that the modification or revocation shall be effective on the effective date. The Elective Portion for any Eligible Director who does not deliver an Election Form to the Company shall be 0%.

6. Terms, Conditions and Form of Options.

Each option granted under the Plan shall be evidenced by a written agreement in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the following terms and conditions:

(a) Option Grant Dates. Options shall be granted to all Eligible

Directors, subject to Section 13, as follows: annually, effective as of the first day of each Plan Year beginning on the date of the Annual Meeting on May 28, 1998, each Eligible Director shall receive options in respect of the Fixed Portion and any Elective Portion. Any Eligible Director who is first elected other than at an Annual Meeting shall be entitled to receive options for the Fixed Portion (appropriately prorated) and the grant date will be the date of his/her election.

(b) Formula. The number of shares underlying stock options granted

to any Eligible Director shall be equal to the whole number (with any fractional interests rounded up to the next highest whole number) obtained by dividing the

Fixed Portion and such director's Elective Portion by the fair value of an option for one share of Common Stock on the terms set forth herein as determined on the date of grant. To determine the fair value, the Board shall apply a generally accepted option pricing valuation methodology, such as the Black-Scholes model, with such modifications as it may deem appropriate to reflect the fair value of the option.

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(c) Option Exercise Price. The option exercise price per share for

each option granted under the Plan shall be 100% of the "Fair Market Value" on the date of grant. The "Fair Market Value" shall be (i) the average of the high and low prices of the Common Stock on the Nasdaq National Market or such other securities exchange or automated quotation system on which the Common Stock shall be primarily traded on the day before the date of grant, or (ii) as determined in good faith by the Committee.

(d) Exercise Period. Each option may be exercised at any time and

from time to time, in whole or in part, beginning on a date that is one year following the date of grant until the tenth anniversary of the date of grant or such earlier date as selected by the Board. In the event an optionee ceases to be a director of the Company for any reason other than death, permanent disability, resignation or retirement, such optionee's option shall expire and all rights to purchase shares pursuant thereto shall terminate immediately. If an optionee ceases to be a director of the Company by reason of death, permanent disability, resignation or retirement, the optionee's options may thereafter be exercised, to the extent exercisable at the date of termination, by the optionee or the legal representative or legatee of the optionee if the optionee has died, for a period of one year from the date of termination, or until the expiration of the stated term of the option, if earlier.

(e) Exercise Procedure. Options may be exercised only by written

notice to the Company at its principal office accompanied by payment of the full consideration for the shares as to which they are exercised.

(f) Payment of Purchase Price. Payment of the exercise price shall

be made by delivery of cash or a check to the order of the Company in an amount equal to the exercise price or, if the Company's Common Stock is at the time registered under Section 12 of the Securities Exchange Act, by the delivery of shares of Common Stock having a fair market value equal to the exercise price or by the delivery of an irrevocable undertaking by a broker to pay the exercise price from the proceeds of the sale of the shares subject to the option being exercised.

7. Assignments.

Each option granted under the Plan by its terms shall not be transferable by the optionee otherwise than by will or by the laws of descent and distribution, or pursuant to a qualified domestic relations order (as defined in Section 414(p) of the Code), except that an optionee may transfer such option to a member of his/her immediate family or to a trust or other entity, the sole beneficiaries of which are the optionee or members of his/her immediate family. (For purposes of this Plan, "immediate family" shall be defined as determined by the

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Board.) Any option granted under this Plan shall only be exercised during the lifetime of the optionee by such optionee, by the transferee pursuant to a qualified domestic relations order or by any person to whom the optionee is permitted to transfer such option pursuant to this Section 7.

8. Limitation of Rights.

(a) No Right to Continue as Director. Neither the Plan, nor the

granting of an option nor any other action taken pursuant to the Plan, shall constitute or be evidence of any agreement or understanding, expressed or implied, that the Company will retain a director for any period of time.

(b) No Shareholder Rights for Options. An optionee shall have no

rights as a shareholder with respect to the shares covered by his or her option until the date of the issuance to him or her of a stock certificate therefor, and no adjustment will be made for dividends or other rights for which the record date is prior to the date such certificate is issued.

9. Adjustment Provisions.

(a) Recapitalizations. If, through or as a result of any merger,

consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar transaction, (i) the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets of the Company are distributed with respect to such shares of Common Stock or other securities, an appropriate and proportionate adjustment may be made in (x) the number and kind of shares reserved for issuance under the Plan, (y) the number and kind of shares or other securities subject to any then outstanding options under the Plan, and (z) the price for each share subject to

any then outstanding options under the Plan, without changing the aggregate purchase price as to which such options remain exercisable. In the event of any other extraordinary dividend or distribution, whether in stock, cash or other property, or a spinoff, split up or other extraordinary transaction, the number of shares issuable under this Plan shall be subject to such adjustment as the Committee or the Board may deem appropriate, and the number of shares issuable pursuant to any option theretofore granted (whether or not then exercisable) and the exercise price of such option shall be subject to such adjustment as the Committee or the Board may deem appropriate with a view toward preserving the value of such option.

(b) Mergers, etc. In the event of a consolidation or merger in which the

Company is not the surviving corporation (other than a consolidation or merger in which the holders of Common Stock of the Company acquire a majority of the voting stock of the surviving

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corporation) or which results in the acquisition of substantially all the Company's outstanding Common Stock by a single person or entity or by a group of persons and/or entities acting in concert, or in the event of a sale or transfer of substantially all of the Company's assets or a dissolution or liquidation of the Company, all options hereunder will terminate; provided, that 20 days prior to the effective date of any such merger, consolidation, sale, dissolution, or liquidation, all options outstanding hereunder that are not otherwise exercisable shall become immediately exercisable.

Notwithstanding the foregoing, in the event that a transaction covered by this Section 9(b) is a merger or consolidation intended to qualify as a pooling of interests for accounting purposes, then the acquiring or surviving corporation shall assume, or otherwise provide replacement options for, all options outstanding under this Plan, with such adjustments to the number of shares covered by such option and the exercise price thereof as may be necessary to reflect the exchange ratio provided for in the merger or consolidation. Such substitute options shall otherwise be on terms and conditions substantially equivalent to those set forth in this Plan, shall be immediately exercisable and, except as to Eligible Directors who become directors of the acquiring or surviving corporation, shall terminate on the 180th day following the consummation of the merger or consolidation. Options held by Eligible Directors who become directors of the acquiring or surviving corporation shall be governed, mutatis mutandis, by the provisions of this Plan and the agreement evidencing the option surrendered in substitution.

10. Amendment of the Plan.

The Board may at any time amend or discontinue the Plan and the Committee may at any time amend or cancel any outstanding option for the purpose of satisfying changes in law or for any other lawful purpose, but no such action

shall adversely affect rights under any outstanding option without the holder's consent.

11. Notice.

Any written notice to the Company required by any of the provisions of the Plan shall be addressed to the Chief Financial Officer of the Company and shall become effective when it is received.

12. Effective Date and Duration of the Plan.

(a) Effective Date. The Plan shall become effective upon approval by

the shareholders of the Company. Amendments to the Plan shall become effective when adopted by the Board of Directors.

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(b) Termination. Unless earlier terminated pursuant to Section 9,

the Plan shall terminate upon the date on which all shares available for issuance under the Plan shall have been issued pursuant to the exercise of options granted under the Plan.

13. General Restrictions.

(a) Investment Representations. The Company may require any person

to whom an option is granted, as a condition of exercising such option, to give written assurances in substance and form satisfactory to the Company to the effect that such person is acquiring the Common Stock subject to the option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Company deems necessary or appropriate in order to comply with federal and applicable state securities laws.

(b) Compliance with Securities Laws. Each option shall be subject to

the requirements that if, at any time, counsel to the Company shall determine that the listing, registration or qualification of the shares subject to such option upon any securities exchange or under any state or federal law is necessary as a condition of, or in connection with, the issuance or purchase of shares thereunder, such option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors. Nothing herein shall be deemed to require the Company to apply for or to obtain listing, registration or qualification, or to

satisfy such condition.

Adopted by the Board of Directors
on April 21, 1998

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LEASE AGREEMENT

By and Between

WALTHAM 60/10 LLC

Landlord

And

RENAISSANCE WORLDWIDE, INC.

Tenant

as of June 30, 1998

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made as of the 30/th/ day of June, 1998, by and between WALTHAM 60/10 LLC, a Minnesota limited liability company ("Landlord") and RENAISSANCE WORLDWIDE, INC., a Massachusetts corporation ("Tenant").

RECITALS:

WHEREAS, Landlord and Tenant desire to memorialize their agreement concerning the leasing by Tenant from Landlord approximately 200,000 rentable square feet in a building to be constructed by Landlord.

NOW, THEREFORE, in consideration of the foregoing and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1
DEFINITIONS AND EXHIBITS

Section 1.1 Definitions. In this Lease, the following defined terms have the meanings set forth for them below or in the section of this Lease indicated below:

"ADA" means the Americans with Disabilities Act, as amended from time to time.

"Additional Rent" means all amounts required to be paid by Tenant under this Lease in addition to Base Rent including, without limitation, Operating Expenses and Taxes.

"Affiliate" means, with respect to any party, any entities or individuals that control, are controlled by or are under common control with such party, together with its and their respective partners, venturers, directors, officers, shareholders, trustees, trustors, beneficiaries, agents, employees and spouses.

"Arbitration" has the meaning set forth in Article 20.

"Base Building" means those portions of the Building and the associated site improvements on the Land (such as driveways, parking areas, landscaping and exterior lighting) that are specified on the Preliminary Plans, as the same may be modified by, or more particularly specified on the Base Building Plans in accordance with this Lease.

"Base Building Plans" means Base Building Construction Documents delivered to Tenant on June 22, 1998 for the Base Building.

"Base Rent" means the Rent payable according to Section 4.1 based on a rate per square foot of Rentable Area of the Premises applicable during each Lease Year of the Term as follows:

Lease Year(s)	Rate of Base Rent Per Square Foot of Rentable Area Per Year
1-5	\$21.00
6-10	\$23.00

"Building" means the building to be known as and numbered 52 Second Avenue, which building is to be constructed by Landlord for Tenant upon the Land according to Article 3, and to initially contain approximately 200,000 square feet of Rentable Area, subject to measurement pursuant to Section 3.10, including the Parking Facility.

"Cafeteria Space" has the meaning set forth in Section 17.1.

"Change Order" has the meaning set forth in Section 3.8.

"Commencement Date" means the date Landlord tenders possession of the Premises to Tenant with the Landlord's Work Substantially Completed pursuant to Section 3.2.(b).

"Common Area" has the meaning set forth in Section 5.1.

"Environmental Laws" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, U.S.C. Section 9601 et seq. (including the so-called "Superfund" amendments thereto), any other applicable Laws governing or pertaining to any hazardous substances, hazardous wastes, chemicals or other materials, including, without limitation, asbestos, polychlorinated biphenyls, radon, petroleum and any derivative thereof or any common law theory based on nuisance or strict liability.

"Event of Default" has the meaning set forth in Section 14.1.

"Existing Encumbrances" has the meaning set forth in Section 16.2.

"Expiration Date" means (i) if the Commencement Date is the first day of a month, the end of the 123/rd/ full calendar month following the Commencement Date; or (ii) if the Commencement Date is not the first day of a month, the end of the 123/rd/ full calendar month following the calendar month in which the Commencement Date occurs.

"Extension Option" has the meaning set forth in Section 2.3.

"Extension Term" has the meaning set forth in Section 2.3.

"Fitness Space" has the meaning set forth in Section 18.1.

"40 Second Avenue" means the existing building known as and numbered 40 Second Avenue, Waltham, Massachusetts and any alterations and replacements thereto.

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"Ground Lease" means that Ground Lease to be entered into between Landlord, as landlord, and Waltham 40 LLC, as tenant, pursuant to Section 16.2, pursuant to which the ground lease premises will be the parcel of land which is the site for 40 Second Avenue, as more particularly described on Exhibit A-2 attached hereto.

"Hazardous Substances" has the meaning set forth in Section 16.4.

"Holidays" means New Year's Day, Memorial Day, July 4th/, Labor Day, Thanksgiving, and Christmas.

"Improvements" means the Base Building, the Leasehold Improvements, the Parking Facility and any other structures, pavement, landscaping, lighting fixtures or other improvements now or later constructed or installed upon the Land.

"Interest Rate" means the Prime Rate plus 4% per annum, but if such rate exceeds the maximum interest rate permitted by Law, such rate will be reduced to the highest rate allowed by Law under the circumstances.

"Land" means the real property which is to consist of the site on which the Building is to be located, as described on Exhibit A-1 and the ground lease parcel as described on Exhibit A-2.

"Landlord" means Waltham 60/10 LLC, a Minnesota limited liability company.

"Landlord's Notice Address" means:

Waltham 60/10 LLC
c/o Eagle Ridge Partners
165 South Union Boulevard
Lakewood, CO 80228
Attention: Douglas McCormick

with a copy to:

Waltham 60/10 LLC
The Colonnade
Suite 960
5500 Wayzata Boulevard
Golden Valley, MN 55410
Attention: William K. Hoeg

And to:

The Beal Companies
 177 Milk Street
 Boston, Massachusetts 02109-3410
 Attention: Michael Manzo

"Landlord's Rent Address" means:

Waltham 60/10 LLC
 c/o Eagle Ridge Partners
 165 South Union Boulevard
 Lakewood, CO 80228
 Attention: Douglas McCormick

"Landlord's Representative" means Peter B. Nichols or William S. Byrney, provided that any Change Order which increases the cost of the Landlord's Work by \$25,000 or more shall also require the written approval of William Hoeg or John Scholz, or such other person as may from time to time be designated by William Hoeg or Landlord by notice to Tenant.

"Landlord's Work" means the construction and installation of the Base Building and the Leasehold Improvements.

"Laws" means any and all present or future federal, state or local laws, statutes, ordinances, rules, regulations or orders of any and all governmental or quasi-governmental authorities having jurisdiction.

"Leasehold Improvements" has the meaning set forth in Paragraph 3 of the Work Letter.

"Leasehold Improvements Allowance" has the meaning set forth in Paragraph 8(a) of the Work Letter.

"Leasehold Improvements Design Documents" has the meaning set forth in Paragraph 4 of the Work Letter.

"Leasehold Improvements Plans" has the meaning set forth in Paragraph 5 of the Work Letter.

"Lease Year" means each successive period of 12 calendar months during the Term ending on the same day and month (but not year, except in the case of the last Lease Year) as the day and month on which the Expiration Date will occur, provided the first Lease Year shall commence on the earlier of the Commencement Date or the Rent Commencement Date and shall end on the same day and month at least one full year later than the earlier of the Commencement Date or the Rent Commencement Date as the day and month on which the Expiration Date will occur.

"Operating Costs" has the meaning set forth in Section 4.2.

"Parking Facility" means the portion of the Building which is to contain approximately 890 parking spaces.

"Permitted Activities" has the meaning set forth in Section 16.4.

"Permitted Delays" means delays in the time by which Landlord shall be required to perform certain acts under this Lease to the extent that the performance of such act or acts shall be delayed by acts of God, fire, earthquake, windstorm, flood, explosion, collapse of structures, riot, civil commotion, war, strike, labor disputes, delays or restrictions by governmental bodies, Laws, inability to obtain or use necessary labor or materials, failure or disruption of utility services, Tenant's Delay or any other cause beyond the reasonable control of Landlord.

"Preliminary Plans" means the plans and specifications for the Base Building that are identified in Exhibit B.

"Premises" means the entirety of all square feet of Rentable Area within the Building except that portion of the Building that constitutes Parking Facility.

"Prime Rate" means the prime or base rate of interest on corporate loans as published from time to time in the Midwest Edition of The Wall Street Journal, with any changes in such rate to be effective on the date

such change is published.

"Projected Commencement Date" means June 30, 1999, as extended by Paragraph 4 of the Work Letter.

"Punchlist" has the meaning set forth in the definition of "Substantially Completed".

"Rent" means Base Rent and all Additional Rent.

"Rent Commencement Date" means the date determined by (i) adding 91 days to the Commencement Date, less (ii) the lesser of the following number of days (a) the actual number of days by which the Landlord's Work was Substantially Completed after the Projected Commencement Date, or (b) the aggregate number of days of Tenant's Delay.

"Rentable Area" means an area in square feet that has been calculated in accordance with the methods of measuring rentable area of a single tenant building as described in the Standard Method for Measuring Floor Area in Buildings, ANSI 265.1 - 1996, as promulgated by the Building Owners and Managers Association (BOMA) International.

"Required Completion Date" has the meaning set forth in Section 3.2(d).

"Substantially Completed" means, with respect to Landlord's Work, that (a) all of Landlord's Work contemplated by Article 3 of this Lease and the Work Letter has been substantially completed and a certificate of occupancy (temporary or final) has been issued by the appropriate governmental authority permitting use of the Premises for the use permitted under this Lease (upon Tenant's request, Landlord will deliver to Tenant a copy of such certificate of occupancy); (b) the Premises are broom clean and free from debris; (c) the HVAC system, Building elevators, lobbies, stairways and corridors are substantially completed and operating; (d) Landlord has delivered to Tenant a certificate of completion from Landlord's architect certifying substantial completion of the work described in the Base Building Plans and the Leasehold Improvements Plans; (e) Landlord has delivered to Tenant a punchlist (the "Punchlist") indicating any work remaining to be completed or corrected in the Premises which work remaining to be completed or corrected in the Premises is of such a nature that it will not materially and adversely interfere with Tenant's use and occupancy of the Premises and the completion of such work will not materially or adversely affect Tenant's use or occupancy of the Premises; and (g) Landlord has satisfied (a) through (f) of this definition prior to the expiration of the 30 day period specified in the notice given by Landlord to Tenant pursuant to Section 3.2(c)(ii) and the date for such completion specified in such notice given by Landlord to Tenant pursuant to Section 3.2(c)(ii) has occurred.

"Taxes" means, with respect to each tax fiscal year wholly or partially included in the Term, the following taxes which are due and payable in such tax fiscal year: all personal property taxes of Landlord relating to Landlord's personal property located in the Premises and used or useful in connection with operating and maintaining the Premises; real estate taxes and installments of general or special assessments, including interest thereon, relating to the Land and Building including any such taxes or any such assessments that are levied with respect to the Parking Facility that are allocated to the Building as provided in Section 4.3; all fees of attorneys, appraisers and other consultants incurred in connection with any efforts to appeal, abate, or reduce any such Taxes; all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever; and any other tax, however described, levied or assessed by the United States of America or the state in which the Premises are located or the City of Waltham, against Landlord or against all or any part of the Land and Building as a result of Landlord's ownership of the Land and Building or the rents therefrom. Taxes will not include any income tax, estate tax or inheritance tax of Landlord.

"Tenant's Cost" means the total cost of preparing the Leasehold Improvements Plans, obtaining all necessary permits for, and constructing and installing, the Leasehold Improvements in the Base Building, and providing any required services during construction of the Leasehold Improvements (such as refuse removal), excluding electricity (which will be provided at Landlord's cost).

"Tenant's Cost Proposal" has the meaning set forth in Paragraph 6 of the Work Letter.

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"Tenant's Delay" means the aggregate days of: (a) each day of delay by Tenant in any performance which is described herein or in the Work Letter as a Tenant's Delay, (b) each day of delay by reason of any Change Orders or changes in any drawings, plans or specifications requested by Tenant which is described in Section 3.8 as a Tenant's Delay; (c) each day of delay in Landlord's Work by reason of any failure by Tenant to review or approve promptly any item requiring Tenant's review or approval, which is not described herein or in the Work Letter as a Tenant's Delay; or (d) each day of delay in Landlord's Work by reason of any other act or omission of Tenant or Tenant's architects, engineers, contractors or subcontractors.

"Tenant's Excess Cost" has the meaning set forth in Paragraph 8(b) of the Work Letter.

"Tenant's Notice Address" means,

Before the Premises is Substantially Completed:

Renaissance Worldwide, Inc.
189 Wells Avenue
Newton, MA 02159
Attention: General Counsel

After the Premises is Substantially Completed:

Tenant's address at the Premises

In either event, with a copy to:

Renaissance Worldwide, Inc.
189 Wells Avenue
Newton, MA 02159
Attention: General Counsel

"Tenant's Representative" means Duncan Andrews or such other person as may from time to time be designated by Mr. Andrews or by Tenant by notice to Landlord.

"Term" means the duration of this Lease, which will be approximately 10 years and three (3) months beginning on the earlier of the Commencement Date or the Rent Commencement Date and ending on the Expiration Date, unless terminated earlier or extended further as provided in this Lease.

"Work Letter" means Exhibit C to this Lease.

"Work Schedule" has the meaning set forth in Paragraph 2 of the Work Letter.

Section 1.2 Exhibits. The Exhibits listed below are attached to and incorporated in this Lease. In the event of any inconsistency between such Exhibits and the terms and provisions of this Lease, the terms and provisions of the Exhibits will control. The Exhibits to this Lease are:

- Exhibit A - Legal Description of the Land
- Exhibit B - Preliminary Plans and Specifications
for the Base Building
- Exhibit C - Work Letter
- Exhibit D - Janitorial Standards
- Exhibit E - Existing Encumbrances
- Exhibit F - MGP Lease Requirements

ARTICLE 2 DEMISE AND TERM

Section 2.1 Premises. Landlord hereby demises and leases the Premises to Tenant, and Tenant hereby rents and takes the Premises from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, of the Existing Encumbrances and Future Encumbrances, as defined in Section 16.2 hereof. The rights of Tenant hereunder shall include non-exclusive rights of access over and use of the Common Area.

Section 2.2 Term. The Term of this Lease shall begin upon the earlier of the Commencement Date or the Rent Commencement Date and shall continue until the Expiration Date, unless sooner terminated or extended further as herein set forth.

Section 2.3 Extension Option. Tenant shall have the option (the "Extension Option") to extend the Term of this Lease for one (1) period of five (5) years (the "Extension Term") with respect to all, but not less than all, of the Premises, in accordance with the following provisions:

- (a) Such option shall be exercisable by written notice (an "Extension Notice") delivered to Landlord not earlier than twenty (20) months nor later than eighteen (18) months prior to the Expiration Date. If Tenant fails to deliver the Extension Notice in accordance with such time restriction, the Extension Option contemplated by this Section 2.3 shall be deemed waived and of no further force and effect, time being of the essence. The rate of Base Rent payable by Tenant during the Extension Term upon the entirety of the Premises shall be an amount equal to ninety-five percent (95%) of the "Extension Market Rate" determined as of the date which is 18 months prior to the end of the Term.
- (b) For purposes hereof the phrase "Extension Market Rate" means the base rent at the per annum rate at which the entirety of the Premises, in its then "as-is" condition except for recarpeting and repainting to be provided by Landlord, would be leased to a single tenant on a basis which is net to the same extent as this Lease, by a willing landlord not compelled to lease and to a willing third-party tenant not

lease (based on the obligations and rights of Landlord and Tenant under this Lease to the extent applicable during the Extension Period, the length of the Extension Term, and taking into account the amenities of the Building, that no commissions are payable by Landlord in connection with such extension). If Tenant properly and timely delivers the Extension Notice and does not deliver an Extension Retraction Notice, Landlord shall recarpet and repaint the Premises on or before the commencement of the Extension Term consistent with the standards of the initial Leasehold Improvements.

- (c) Landlord shall, within thirty (30) days after receipt of the Extension Notice, give Tenant written notice ("Landlord's Extension Rate Notice") of Landlord's determination of the Extension Market Rate. If Tenant does not agree with Landlord's determination of the Extension Market Rate, Tenant shall give Landlord written notice of that disagreement within fifteen (15) days of receipt of Landlord's Extension Rate Notice, stating the amount which Tenant believes the Extension Market Rate should be, and Landlord and Tenant shall endeavor in good faith to agree on the Extension Market Rate. If Tenant fails to give Landlord timely notice of such disagreement, Tenant shall be deemed to have accepted Landlord's determination of the Extension Market Rate. If Landlord and Tenant have not agreed as to the Extension Market Rate within thirty (30) days after Tenant's receipt of Landlord's Extension Rate Notice, either party may deliver to the other party a written demand (the "Valuation Demand") that the Extension Market Rate be determined by an expert, which demand shall include the names of at least three (3) reputable real estate experts who are members of the American Society of Real Estate Counselors or of a successor body hereafter constituted and exercising similar functions (referred to hereinafter as "ASREC" and who have no affiliation with either party and who have not less than 10 years of experience in appraising, managing or brokering office properties similar to the Premises in the greater Boston Metropolitan Area. The expert shall be chosen through the mutual agreement of Landlord and Tenant, which agreement shall be reached within twenty (20) days after the delivery of the Valuation Demand. Provided an agreement upon selection of the expert is so reached, the expert shall be directed to complete the determination of the Extension Market Rate within thirty (30) days of such expert's appointment. The expert's determination of the Extension Market Rate shall be binding upon the parties. In the event the parties are unable to agree upon the identity of an expert within twenty (20) days of the delivery of the Valuation Demand, each party shall, within twenty-five (25) days of the delivery of the Valuation Demand, appoint its own expert, subject to the above qualifications. Such appointment shall be confirmed in a writing identifying the expert delivered to the other party within said twenty-five (25) day period. If either of the parties fails to appoint an expert within said twenty-five (25) day period, then the one expert appointed shall be the sole expert and the provisions of this subsection (c) relating to more than one expert shall not apply. If

each party appoints an expert, a third expert shall be jointly appointed by the first two experts. If the first two experts are unable to agree on a third expert within ten (10) days after the appointment of the second expert, then the highest ranking available officer of the

Massachusetts chapter of the ASREC who is not affiliated with either party shall appoint the third expert. If none of the three determinations deviates from the mean of all three determinations by more than 10%, the mean of all three determinations shall be the Extension Market Rate. If one of the three determinations deviates from the mean of all three determinations by more than 10%, such determination shall be discarded and the Extension Market Rate shall be the mean of the other two. If two or all three of the determinations deviate from the mean of all three determinations by more than 10%, the Extension Market Rate shall be the median of the three determinations. The Extension Market Rate as determined in accordance with the provisions of this Section 2.3 shall be binding upon the parties. Except as set forth in Section 2.3(d), all necessary and reasonable costs and expenses of any valuations performed pursuant to this Section 2.3 shall be shared equally by Landlord and Tenant, and all agreements with experts appointed in accordance with this Section 2.3 shall provide that such experts shall complete their determinations within thirty (30) days of such appointment and provide prompt notice to Landlord and Tenant. To the extent that the Extension Option is effectively exercised, Landlord and Tenant shall execute and deliver an amendment to this Lease that is reasonable in form and that memorializes the occurrence and effect of such extension and such rate of Base Rent, which amendment shall be executed and delivered within ten (10) days following the determination of the Extension Market Rate.

- (d) Notwithstanding the foregoing, upon the determination of the Extension Market Rent in accordance with the foregoing provisions of this Section 2.3 for the Extension Option, Tenant shall have the right to retract its exercise of this option through the delivery of written notice to that effect to Landlord (the "Extension Retraction Notice"); provided, if the Extension Retraction Notice is not delivered to Landlord within thirty (30) days after the date of the determination of the Extension Market Rent and notice thereof to Landlord and Tenant, the right to retract the exercise of the option to extend the Lease for the Extension Term shall be deemed waived and of no further force and effect and the Lease shall be deemed extended for the Extension Term in accordance with the foregoing provisions of this Section 2.3. In the event of the timely delivery by Tenant to Landlord of an Extension Retraction Notice, the Lease shall expire as of the Expiration Date and Tenant shall, within thirty (30) days of the date of Landlord's delivery of an invoice therefor and as Additional Rent hereunder, reimburse Landlord for all costs reasonably incurred by Landlord in performing Landlord's obligations under this Section 2.3 and as a direct consequence of Tenant's delivery of the Exercise Notice including, without limitation, all fees incurred by

- (e) Tenant shall have no further options to extend the term of this Lease beyond the expiration date of the Extension Term. Except for its obligation to repaint and recarpet the Premises as provided in Section 2.3(b), Landlord shall not be obligated to perform any leasehold improvement work in the Premises or give Tenant an allowance for any such work or for any other purposes for the Extension Term. Except for the rate of Base Rent and except as otherwise provided herein, all of the terms and provisions of this Lease shall remain the same and in full force and effect during the Extension Term.

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- (f) Notwithstanding the foregoing, the Extension Option contemplated by this Section 2.3 shall, whether or not an Extension Notice has theretofore been delivered, automatically terminate and become null and void and of no further force and effect upon the earlier to occur of (i) the termination of this Lease, or (ii) the failure of Tenant to timely or properly exercise the Extension Option.
- (g) Notwithstanding the foregoing, in the event that, upon delivery of the Extension Notice or upon the commencement of the Extension Term, Tenant has sublet or assigned 50% or more of the Rentable Area of the Premises (not including in such calculation of the Rentable Area sublet or assigned the Rentable Area sublet or assigned to a transferee permitted by Section 9.1(d)), such Extension Notice shall be null and void.

Section 2.4 Right of First Offer to Purchase.

(a) In the event that, during the Term, Landlord desires to sell the Land, the Building and, at Landlord's option, Landlord's ground lessor's interest in 40 Second Avenue (such parcel which Landlord desires to sell being the "Offer Parcel"), to a party who is not a Landlord Party, Landlord shall first offer to sell the Offer Parcel to Tenant by delivering a written notice to Tenant (the "Offer Notice") setting forth in good faith all material business terms of an offer that Landlord would be willing to accept, including the gross purchase price which, subject to adjustments and prorations, will be payable in cash to Landlord. Tenant shall have twenty (20) days after the delivery of the Offer Notice, time being of the essence, in which to deliver to Landlord written notice of its acceptance of all of the terms designated in the Offer Notice (the "Notice of Acceptance"); provided, it shall be a condition precedent to the effectiveness of any Notice of Acceptance that it be accompanied by a deposit of earnest money in the amount set forth in the Offer Notice, but such earnest money shall not be in excess of five percent (5%) of the gross purchase price. Such earnest money shall be payable to and held in escrow by Landlord's counsel pursuant to the terms hereof.

(b) If Tenant delivers the Notice of Acceptance in a timely manner, then the closing of the sale of the Offer Parcel by Landlord to Tenant will occur on the 30/th/ day after the delivery to Landlord of the Notice of Acceptance, or by mutual agreement on an earlier date. Such closing will occur at the offices of Landlord's attorneys in Boston, Massachusetts. At such closing, (i) Landlord

will convey the Offer Parcel to Tenant or Tenant's designee by quit claim deed, free and clear of all monetary liens and encumbrances but subject to the Permitted Exceptions; (ii) Tenant will pay the purchase price to Landlord by wire transfer or in other immediately available funds, subject to a credit for Tenant's earnest money deposit and the adjustments and prorations described below; (iii) No proration of Taxes or Operating Expenses will occur since Tenant is responsible hereunder to pay Taxes and Operating Expenses as part of the Rent; (iv) Landlord will deliver a copy of the most current as-built survey in its possession; Tenant will pay for a Title Commitment for an ALTA extended coverage (i.e., with all standard printed exceptions deleted) title insurance

policy for Tenant in the amount of the purchase price, subject to the Permitted Exceptions and for all title insurance

premiums payable in connection with the issuance of a title policy and any endorsements thereto desired by Tenant; (v) each party will pay its own closing costs in accordance with prevailing custom and practice in the Boston Massachusetts Metropolitan Area; (vi) Landlord shall pay any transfer tax due in connection with the transaction; and (vii) all other terms and conditions not specified in the Offer Notice herein shall be as handled in accordance with prevailing customs and procedures in the Boston Massachusetts Metropolitan Area. Promptly after Tenant delivers the Notice of Acceptance, Tenant will obtain and deliver to Landlord a Title Commitment committing to insure title to the Offer Parcel in Tenant in the amount of the purchase price. Tenant will have a period of 10 days after delivery of the Title Commitment in which to review the state of Landlord's title to the Premises, to negotiate with the title company concerning the deletion of any exceptions shown on the Title Commitment or to terminate its Notice of Acceptance. It will be Landlord's responsibility to obtain deletion of all exceptions other than Permitted Exceptions on or before closing, deletion of which is customary. As used herein, the "Permitted Exceptions" will mean taxes, all easements and other matters described on Exhibit E attached hereto, any matters shown by the as-built survey of the

Offer Parcel which Landlord will deliver to Tenant, as provided above, liens or encumbrances which Tenant would be required to pay pursuant to this Lease, such as Taxes for periods subsequent to the Commencement Date and such additional matters which are Future Encumbrances as defined in Section 16.2 hereof.

"Permitted Exceptions" will not include any standard printed exceptions which are customarily deleted or any monetary liens or encumbrances (other than any such liens or encumbrances which Tenant would be required to pay pursuant to this Lease, such as Taxes for periods subsequent to the Commencement Date). Landlord agrees that it may not encumber the Land or the Building in any manner not permitted by Section 16.2 hereof, other than mortgages and other such voluntary encumbrances and such other liens and encumbrances which will be discharged or satisfied of record at Closing of the purchase of the Offer Parcel by Tenant. If any dispute arises over the prevailing customs and practices in Boston, Massachusetts Metropolitan Area which are applicable to such purchase and sale and are not provided herein or in the Offer Notice, and the Landlord and Tenant are unable to agree on such issues by the closing date, such issues shall be submitted to Arbitration, but such Arbitration shall not delay closing and appropriate escrows will be established so that the positions of both parties are protected pending the outcome of such Arbitration.

(c) If Tenant does not deliver the Notice of Acceptance or terminates such exercise as provided above, Tenant will, upon Landlord's request, execute a certificate or amendment to this Lease confirming that Tenant has no further rights under this Section 2.4 (except as provided in Section 2.4(d)). If Tenant delivers the Notice of Acceptance, does not terminate such exercise within such 10-day period as provided above and then fails to close its purchase of the Offer Parcel in accordance with the foregoing provisions, Landlord may either (i) terminate Tenant's right to purchase the Offer Parcel pursuant to this Section 2.3 and shall be entitled to retain the earnest money deposit as liquidated damages, it being understood and agreed that Landlord's damages in such event would be difficult to ascertain and that the earnest money deposit is a reasonable estimate of such damages, or (ii) may sue Tenant for specific performance. If Tenant delivers the Notice of Acceptance, does not terminate such exercise within such 10-day period and then Landlord fails to close its sale of the Offer Parcel in accordance with the foregoing provision, Tenant may sue Landlord for specific performance or damages.

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(d) If Tenant fails to deliver the Notice of Acceptance in a timely manner, the right of first offer contemplated by this Section shall be deemed terminated and of no further force and effect and Landlord may thereafter sell the Offer Parcel to any other party; provided, Landlord shall not thereafter enter into an agreement to sell the Offer Parcel to any other third party which is not a Landlord Party for a gross purchase price (which may be payable in whole or in part in cash or in interests in the purchaser) that is less than ninety-five percent (95%) of the gross purchase price identified in the Offer Notice without first delivering a new Offer Notice to Tenant containing such revised term. In the event Landlord does not enter into a purchase agreement to sell the Offer Parcel within 12 months after the expiration of the twenty (20) day period by which Tenant could have given a Notice of Acceptance, then Tenant's right of first offer shall be revived and Landlord shall again give Tenant a right of first offer, as provided in this Section 2.4, in connection with any subsequent sale of the Offer Parcel.

(e) Notwithstanding the foregoing,

- (i) the right of first offer contemplated by this Section, shall not be applicable with respect to:
 - (A) any sale of the Premises for which a binding purchase agreement is executed by Landlord prior to the Commencement Date;
 - (B) any transfer in the nature of the grant of a mortgage or other encumbrance to secure indebtedness of Landlord;
 - (C) any transfer of the Premises to a Landlord Party; or
 - (D) any transfer of the Premises to the purchaser at a foreclosure sale or to the grantee named in a deed in lieu of foreclosure;

provided, however, that this right of first offer will survive any such transfer or transfers pursuant to (A), (B), (C) and (D) above, and shall be binding upon the transferee, including any such Landlord Party, such purchaser at a foreclosure sale or such grantee of a deed in lieu of foreclosure;

(ii) the right of first offer contemplated by this Section shall be deemed terminated upon the earliest to occur of the following:

- (A) the termination of Tenant's right to possession of the Premises;
- (B) the assignment or subletting of an aggregate of more than 50% of the total number of square feet of Rentable Area of the Premises, not including in such calculation of the Rentable Area sublet or assigned the Rentable Area of the Premises sublet or assigned to a transferee permitted by Section 9.1(d), or

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(C) the expiration or earlier termination of the Lease; and

(iii) This right of first offer and any right to purchase the Premises resulting therefrom is personal to Tenant and may not be assigned to and shall not benefit any person or entity including, without limitation, any sublessee or assignee of any part of the Premise, other than a transferee permitted by Section 9.1(d).

(f) For the purposes of this Section 2.4, a person or entity is a "Landlord Party" if (i) Landlord or one or more of the beneficial owners of Landlord owns at least a 25% interest in such person or entity, whether directly or indirectly, (ii) such person or entity holds a beneficial interest in Landlord, or (iii) any person or entity at least 25% of the beneficial interest of which are held by a person or entity which holds a beneficial interest in Landlord.

(g) Prior to transferring the Premises to a Landlord Party, Landlord shall deliver prior written notice to Tenant of such proposed transfer, together with evidence of the proposed transferee's status as a Landlord Party and the transferee's acknowledgment that it will be bound by this right of first offer. If Tenant fails to object to any such proposed transferee as being a Landlord Party within 10 days after receipt of said notice and evidence, Tenant shall have no further right to object to such transfer.

ARTICLE 3

CONSTRUCTION; DELIVERY AND ACCEPTANCE OF PREMISES

Section 3.1 Landlord's Construction Obligations. Subject to and in accordance with the provisions of this Article 3 and the Work Letter, Landlord will (i) at Landlord's sole cost and expense, design, construct and install the Base Building on the Land; and (ii) at Landlord's cost up to the amount of the

Leasehold Improvements Allowance and otherwise at Tenant's sole cost and expense, design, construct and install the Leasehold Improvements.

Section 3.2 Delivery.

(a) Early Possession. Prior to Landlord's Work being Substantially

Completed Landlord shall allow Tenant to enter the Premises to commence fixturing, provided (i) such fixturing will not, in Landlord's reasonable determination, interfere with or interrupt the efficient and timely performance of the remaining Landlord's Work; and (ii) Tenant shall have given Landlord evidence of Tenant's insurance as required by Section 7.2.

(b) Tender of Possession Upon Substantial Completion. At such time as the

Landlord's Work is Substantially Completed, Landlord shall tender possession to Tenant of the Premises, even if there may then be portions of the Landlord's Work that are not completed so long as such incomplete work or the completion thereof does not affect

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Tenant's ability to commence or complete fixturing the Premises or materially and adversely interfere with Tenant's use and occupancy of the Premises.

(c) Notice of Anticipated Substantial Completion. For the convenience of

Tenant, Landlord shall,

(i) make reasonable efforts to deliver 90 days' advance notice to Tenant of the date on which Landlord anticipates that the Landlord's Work will be Substantially Completed; provided, however, that:

- (1) Landlord's failure to deliver such notice shall not constitute a default under this Lease and Landlord shall in no way be liable for failing to give such 90-day notice;
- (2) the delivery of such 90-day notice shall not be a condition to Landlord's having Substantially Completed the Landlord's Work; and
- (3) Landlord shall not be bound by its estimate of the date on which the Landlord's Work will be Substantially Completed; and

(ii) deliver 30 days' advance notice to Tenant of the date on which Landlord anticipates that Landlord's Work will be Substantially Completed; provided however, that:

- (1) Landlord may retract any such notice given to Tenant and

give a revised notice of such date, which revised notice shall start a new 30 day period prior to the anticipated date on which Landlord's Work will be Substantially Completed; and

- (2) Landlord's failure to deliver such notice shall not constitute a default under this Lease and Landlord shall not be liable for failing to give such 30-day notice; however, Landlord's Work will not be Substantially Completed unless the conditions in subsection (a) through (f) of the definition of Substantially Completed are satisfied prior to the expiration of such 30-day period and the date for such completion specified in such 30-day notice has occurred.

(d) Effect of Delays. Landlord shall use reasonable efforts to deliver -----

possession of the entirety of the Premises with the Landlord's Work Substantially Completed on or before the Projected Commencement Date, subject to Permitted Delays. It is acknowledged that time is of the essence of the completion of the Landlord's Work and that Tenant will suffer financial loss if the Landlord's Work is not Substantially Completed by August 31, 1999 (the "Required Completion Date"). The parties also recognize that delay, expense and difficulty would be involved in proving in a

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legal or arbitration proceeding the actual loss suffered by Tenant if Landlord's Work is not Substantially Completed by the Required Completion Date. Accordingly, in the event Landlord's Work is not Substantially Completed on or before the Required Completion Date, subject to Permitted Delays, Landlord and Tenant agree that the following is a reasonable approximation of the damages that Tenant would incur and Tenant shall be entitled, as liquidated damages for such delay and not as a penalty, to the following:

- (i) In the event that the Landlord's Work is Substantially Completed in the period between the Required Completion Date, as extended by Permitted Delays, and February 29, 2000, which date shall be extended only by Tenant's Delay, Tenant shall be entitled to a credit (the "Delay Credit") in an amount equal to the greater of (i) the amount which Landlord actually collects from its contractor for failing to have Substantially Completed the Landlord's Work on or before the Required Completion Date, as extended by Permitted Delays, after recovery of Landlord's costs and expenses incurred in connection with such collection, or (ii) \$1,500 multiplied by the number of days that elapse between the day following the Required Completion Date, as extended by Permitted Delays, and the date the Landlord's Work is Substantially Completed. Landlord shall make reasonable efforts to include in the construction contract for Landlord's Work a payment to Landlord equal to the product of \$4,000, multiplied by the number of days that elapse between the day following the

Required Completion Date, as extended by Permitted Delays, and the date the Landlord's Work is Substantially Completed, or as close thereto as is reasonably possible. In the event the Landlord's Work is not Substantially Completed on or before the Required Completion Date, as extended by Permitted Delays, Landlord shall use its reasonable efforts to enforce such penalty provision in the construction contract for the benefit of Tenant. Any Delay Credit shall be applied as a credit against the sum of Rent due in each month during the Term until the Delay Credit is fully credited; or

- (ii) In the event that the Landlord's Work has not been Substantially Completed by January 31, 2000 (the "Incompletion Termination Date"), Tenant shall have the option to terminate this Lease by the delivery of written notice to that effect (the "Incompletion Termination Notice") to Landlord within thirty (30) days after the Incompletion Termination Date. In the event of the timely delivery of an Incompletion Termination Notice, this Lease shall be deemed terminated and of no further force and effect if Landlord's Work is not Substantially Completed within a period equal to the sum of (a) thirty (30) days after receipt of such notice by Landlord and (b) the aggregate number of days of Tenant's Delay. In the event of such termination, the parties shall cooperate in the execution of a written instrument that is reasonable in form and that memorializes such termination and Landlord shall, within thirty (30) days after such termination, pay to Tenant the

aggregate principal amount of the Delay Credit that has accrued to the date of termination and Landlord and Tenant shall be discharged from all further obligations hereunder.

Section 3.3 Operating Costs After Tender of Possession but Prior to Rent Commencement Date. Notwithstanding anything in Section 4.2 to the contrary, but subject to Section 4.1, for the period starting on the date Landlord first tenders possession of all of the Premises to Tenant pursuant to Section 3.2 and ending on the Rent Commencement Date, Tenant shall pay the Operating Costs, regardless of whether Tenant is in possession or occupancy of the entire Premises during all or any portion of such period, but such amount shall be reduced in accordance with the following schedule:

Period (days prior to Rent Commencement Date) -----	Percentage of Operating Costs Payable by Tenant -----
90-61 days	0%
60-31 days	33 1/3%
30-0 days	66 2/3%

Section 3.4 Punch Lists. Tenant's taking possession of the Premises will be conclusive evidence that such Premises was in good order and

satisfactorily condition, and that all of Landlord's Work in or to the Premises was satisfactorily completed when Tenant took possession, except as to any latent defects or uncompleted items identified on (i) a punch list prepared and signed by Landlord's Representative and Tenant's Representative after an inspection of the Premises by both such parties made within five business days after Landlord tenders possession of the Premises to Tenant, or (ii) a punch list which Landlord will cause its architect to prepare on or before the same date, and except as to any latent defects in Landlord's Work of which Tenant notifies Landlord within one year after the Commencement Date. Landlord will commence the completion or correction of any matters set forth on such punch lists within 10 days after such lists are received by Landlord, will complete all items within 30 days after such lists are prepared, except for any of such items which, due to reasons beyond Landlord's control, cannot be completed within such time and, as to such delayed items, Landlord will thereafter diligently pursue completion. Landlord will not be responsible for any items of damage caused by Tenant, its agents, independent contractors or suppliers. No promises to construct, alter, remodel or improve the Premises, and no representations concerning the condition of the Premises, have been made by Landlord to Tenant other than as may be expressly stated in this Lease. Any dispute between Landlord and Tenant as to which items should be included on such punch lists, or which items on such punch lists have been completed, shall be subject to Arbitration.

Section 3.5 Representatives. Landlord appoints Landlord's Representative to act for Landlord in all matters covered by this Article 3 and the Work Letter. Tenant appoints Tenant's Representative to act for Tenant in all matters covered by this Article 3 and the Work Letter. All inquiries, requests, instructions, authorizations and other communications with respect to the matters covered by this Article 3 and the Work Letter will be made by and to Landlord's Representative or

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Tenant's Representative, as the case may be. Only Tenant's Representative and Landlord's Representative may authorize Change Orders. Tenant will not interfere with Landlord's architect, engineers and contractors or any of their agents or employees in the performance of their respective obligations with regard to matters covered by this Article 3 or the Work Letter.

Section 3.6 Base Building Plans. Tenant has approved the Preliminary Plans, including the Floor Plate and Background Drawings, the Civil/Site Design Documents and the Detailed Base Building Design Documents, delivered to Tenant and shown on Schedule 1 to the Work Letter. Landlord has delivered the Base Building Plans to Tenant based on the Preliminary Plans. Within 10 days after receipt of the proposed Base Building Plans, Tenant will either approve the same in writing or notify Landlord in writing of how the proposed Base Building Plans are inconsistent with the Preliminary Plans and how the Base Building Plans must be changed in order to make them consistent with the Preliminary Plans. Tenant may not object to any portion of the Base Building Plans which is consistent with the Preliminary Plans. Each day following the tenth day after the proposed Base Building Plans are submitted to Tenant until Tenant approves the Base Building Plans or delivers such notice of objections, will be a day of Tenant's Delay. Upon receipt of Tenant's notice of objections, Landlord will cause its architect to prepare revised Base Building Plans according to such notice and

submit the revised Base Building Plans to Tenant. Upon submittal to Tenant of the revised Base Building Plans, and upon submittal of any further revisions, the procedures described above will be repeated. Tenant shall approve or make objections to the other design and construction documents to be delivered to Tenant in accordance with Schedule 1 to the Work Letter within 5 business days after receipt thereof and otherwise in accordance with the procedures described above.

Section 3.7 Base Building Construction. At such time as Base Building Plans have been prepared and have been approved in writing by both Landlord, Tenant and Landlord's mortgagee, and Landlord has obtained all necessary building permits, Landlord will cause the Base Building to be constructed or installed on the Land in a good and workmanlike manner and according to the approved Base Building Plans and all applicable Laws.

Section 3.8 Change Orders. Tenant's Representative may request changes in the work consistent with the Preliminary Plans and the Base Building Plans only by written request to Landlord's Representative on a form approved by Landlord. Tenant's Representative may request, in the manner contemplated by Paragraph 8(c) of the Work Letter with respect to the Leasehold Improvements, other changes in the Leasehold Improvements. All changes requested by Tenant will be subject to Landlord's prior written approval (which approval, in the case of changes to the Leasehold Improvements Plans, will not be unreasonably withheld). Prior to commencing any change in the Base Building Plans or the Leasehold Improvements Plans, whether requested by Tenant or not, Landlord will prepare and deliver to Tenant, for Tenant's approval, a change order ("Change Order") identifying the total cost of such change, which will include associated architectural, engineering and construction contractor's fees, and the total time that will be added to the construction schedule by such change and to the Projected Commencement Date, the Required Completion Date and the Incompletion Termination Date; provided that Landlord shall not be required to obtain Tenant's approval of any Change Order initiated by Landlord which is both consistent with the Preliminary Plans and which does not materially alter the Base Building Plans

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or cause a change in or delay in the completion of the Leasehold Improvements. If Tenant fails to approve or object to any Landlord-initiated Change Order for which Tenant's approval is required within five business days after delivery by Landlord of such Change Order, Tenant shall be deemed to have approved such Change Order and Landlord may proceed to perform the change. If Tenant fails to approve any such Tenant-initiated Change Order within five business days after delivery by Landlord of such Change Order, Tenant will be deemed to have withdrawn the requested change and Landlord will not proceed to perform the change. Upon Landlord's receipt of Tenant's approval, Landlord will proceed to perform the change. Any net additional costs resulting from a Tenant-initiated Change Order will become a part of Tenant's Cost and, if there exists Tenant's Excess Cost, such Tenant's Excess Cost will be paid to Landlord in accordance with the provisions of Paragraph 8(b) of the Work Letter. Any delay in the Landlord's Work being Substantially Completed by the Projected Commencement Date, the Required Completion Date or the Incompletion Termination Date caused by a Tenant-requested Change Order shall be Tenant's Delay.

Section 3.9 No Interference with Landlord's Work. Tenant acknowledges that any work by Tenant in the Premises prior to the Landlord's Work being Substantially Completed and the completion by Landlord of all punch list work may impact on the performance of Landlord's Work. Tenant further acknowledges that all or a substantial portion of Landlord's Work will be performed by union contractors. In order to prevent delays and interference with the performance of Landlord's Work, Tenant agrees to use union contractors for any construction or fixturing work to be performed by it in the Premises and to cooperate with Landlord in the scheduling and the conduct of Tenant's work in order to provide for a harmonious work force, to prevent labor disputes, and so as not to unreasonably interfere, restrict or delay the performance of Landlord's Work.

Section 3.10 Adjustments Upon Completion. As soon as practicable after the completion of the Base Building, Landlord will cause its architect to measure and certify to Landlord and Tenant the Rentable Area of the Premises. If Tenant disputes such measurement within 30 days after Tenant is notified of the same, then Tenant's architect and Landlord's architect will endeavor to agree upon the Rentable Area of the Building and, if they are unable to do so within 10 days, the dispute will be submitted to an independent third-party architect mutually acceptable to both parties whose decision concerning the Rentable Area of the Building (which will be made in accordance with the definition thereof in this Lease), will be binding upon both parties. If Tenant does not so dispute the measurement by Landlord's architect, Tenant will be deemed to have accepted such measurement. At such time as such measurement has been made by Landlord's architect and accepted (or deemed accepted) by Tenant, upon the request of either party, Landlord and Tenant will execute a certificate confirming such Rentable Area and the actual amounts (based on such Rentable Area) of the Base Rent payable per month during the first through the fifth Lease Years, the sixth through the tenth Lease Years, and the actual amount of the Leasehold Improvements Allowance. Prior to the execution of such certificate, the Premises shall be presumed to contain 200,000 square feet of Rentable Area, and Tenant will pay any additional Base Rent or Tenant's Excess Cost owing, or Landlord will refund any Base Rent or Tenant's Excess Cost previously overpaid by Tenant, upon the execution of such certificate.

ARTICLE 4 RENT

Section 4.1 Base Rent. Commencing on the Rent Commencement Date and then continuing throughout the Term, Tenant agrees to pay Landlord Base Rent according to this Section 4.1, without demand, deduction, setoff, abatement or credit except as expressly contained in the Lease. Base Rent during each Lease Year of the Term will be payable in monthly installments in an amount equal to 1/12 of the amount obtained by multiplying the rate of Base Rent for such Lease Year set forth in the definition of Base Rent in Section 1.1 by the number of square feet of Rentable Area of the Premises, in advance, on or before the first day of each and every month during the Term; if the number of days in the first Lease Year is greater than 365 or 366 days, as applicable, such monthly rental shall also be payable for each additional 30-day period, prorated for any partial month as provided in the following sentence. If the Rent Commencement Date is a date other than the first day of a calendar month or if the Term ends on a date other than the last day of a calendar month, Landlord will prorate

monthly Base Rent for the first month of the Term or the last month of the Term, as the case may be, based upon the ratio that the number of days of the Term within such month bears to the total number of days in such month. Tenant acknowledges that if there are more than 90 days of Tenant's Delay the Rent Commencement Date may occur prior to the Commencement Date, and Tenant will be obligated to pay Rent from and after such Rent Commencement Date notwithstanding the fact that the Premises will not yet have been delivered to Tenant on such Rent Commencement Date.

Section 4.2 Operating Costs. Except as provided in Section 3.3, Tenant shall pay the Operating Costs to Landlord, as Additional Rent, beginning on the Commencement Date and throughout the remainder of the Term. As used in this Lease, the term "Operating Costs" shall mean any and all expenses, costs and disbursements of any kind and nature whatsoever paid or incurred by Landlord in connection with and properly allocable to the management, maintenance, operation and repair of the Building, including, without limitation, the costs of maintaining and repairing the Common Areas and the Parking Facility, to the extent allocable to the Building, easements, property management fees (which fees shall not exceed two and one-half percent (2.5%) of Rents billed by Landlord to Tenant for the Premises, but excluding Operating Costs (other than Taxes) which are billed directly to Tenant by the supplier thereof and are paid by Tenant directly to such supplier), expenses for maintenance salaries, fringe benefits and related costs for personnel providing building supervisory and maintenance services for the Premises at the rank of building manager and below, which for such persons also working on properties other than the Building and the Land shall be allocated on the basis of the time spent working on the Building and the Land, the cost of insurance coverages obtained by Landlord, heating and air conditioning costs for Common Areas (if any), electricity and other utility costs, the costs of routine repairs and maintenance for the Building, landscape maintenance, snow removal, Taxes and costs and expenses paid or incurred by Landlord in protesting any assessments, valuations, levies or the Taxes which Landlord shall pay or become obligated to pay in respect of a fiscal tax year (regardless of when such Operating Costs were incurred), the costs of maintaining the Cafeteria Space, the costs of maintaining the Fitness Space, the Building's share (as reasonably determined by Landlord) of the cost of operating, maintaining and repairing any

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areas, facilities or easements which are common to the Building and any other properties or buildings sharing common facilities with the Building (such as, but not limited to, Parking Facility repair, operation and maintenance, snow plowing and removal, landscaping, Common Area and street lighting, insurance, taxes, security and management but specifically excluding costs, maintenance or repair or Taxes related to Winter Place) and amortization of the cost of capital improvements that are (A) made to reduce Operating Costs or limit increases therein, to the extent of such estimated savings in Operating Costs or to the estimated reduction in increases thereto) or (B) required by any applicable Law enacted after the date hereof or first interpreted to apply after the date hereof; provided, any such amortization or depreciation shall be calculated based on the useful life of such improvement and shall utilize a rate of interest that

is not in excess of two percent over the Prime Rate of interest that is in effect as of the date of the completion of such improvements or installation.

Notwithstanding the foregoing, "Operating Costs" shall not include the following:

- (i) costs of alterations of other tenants' premises;
 - (ii) any costs that otherwise will be Operating Costs of curing construction defects of which Landlord has actual knowledge within one (1) year after the Commencement Date;
 - (iii) interest and principal payments on mortgages, and other debt costs;
 - (iv) real estate brokers' leasing commissions;
 - (v) attorneys' fees incurred by Landlord in negotiation and enforcement of other leases for the Building;
 - (vi) any cost or expenditure (or portion thereof) for which Landlord is reimbursed, whether by insurance proceeds or otherwise;
 - (vii) depreciation and amortization of the Building, except as otherwise expressly provided herein;
 - (viii) anything charged or properly chargeable to Tenant under any other provision of this Lease;
 - (ix) costs (including attorneys' fees, fines and penalties) incurred solely because Landlord violates any provision of this Lease or any provision of Law;
 - (x) any expense for Landlord's employees above the level of building manager and any overhead and profit paid to Affiliates of Landlord for services, supplies or materials provided to the Building in excess of rates that would be competitively available if such services, supplies or materials were provided by third parties;
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- (xi) advertising or promotional expenditures of any type;
 - (xii) repairs or other work to the extent either actually covered by insurance or, if not actually covered, are of a nature which is required to be insured against by Landlord in accordance with Section 7.1(a) through (f);
 - (xiii) costs incurred to test, survey, remediate, contain, abate, remove or otherwise remedy Hazardous Substances from the Premises, other than such as resulted from Tenant's use, storage, disposal or release of Hazardous Substances, including Permitted Activities, and other than removal and disposal of Hazardous Substances used in the ordinary

course of operating and maintaining the Building in accordance with applicable Environmental Laws;

- (xiv) expenses of operating the Common Areas and the Parking Facility to the extent not properly allocable to the Premises;
- (xv) except as otherwise expressly provided herein, any other expenses that are not reasonable, actual and necessary out-of-pocket expenses (except that Landlord may use its normal accrual method of accounting), obtained at competitive prices and directly attributable and properly allocable to the operation, maintenance, management and repair of the Building as determined under generally accepted accounting principles consistently applied; and
- (xvi) any expenses which, in accordance with generally accepted accounting principles, are capital in nature, except as expressly provided above.

Promptly after the Commencement Date and during December of each year or as soon thereafter as practicable, Landlord shall give Tenant a written notice consisting of a summary itemization of the services Landlord anticipates will be included within Operating Costs during the ensuing calendar year, together with Landlord's estimate of the Operating Costs for such ensuing calendar year. At Tenant's request, Landlord shall consult with Tenant concerning the kind and quality of services to be provided at the Premises and included in Operating Costs and shall make reasonable efforts to accommodate any reasonable modification in such services which Tenant requests, provided that Landlord shall in no event be required to eliminate, add, or modify any such service if Landlord reasonably determines such elimination, addition or modification will adversely affect either Landlord's interest in the Land or the Improvements or Landlord's ability to perform its obligations under this Lease or any other lease, mortgage or other encumbrance affecting the Land or the Improvements. If Landlord makes any changes in services requested by Tenant, Landlord shall promptly revise its estimate of Operating Costs appropriately for the ensuing year.

On or before the first day of each month during the Term after Tenant receives Landlord's initial estimate of annual Operating Costs, Tenant shall pay to Landlord as Additional Rent one-twelfth (1/12th) of the estimated annual amount of Operating Costs according to the latest estimate Tenant has received from Landlord. If any time it appears to Landlord that the actual amount of Operating Costs for the then current calendar year will vary from Landlord's estimate by

more than five percent (5%), Landlord may, by written notice to Tenant, revise its estimate for such year, and subsequent payments by Tenant for such year shall be based upon such revised estimate. Within ninety (90) days after the close of each calendar year or as soon thereafter as practicable, Landlord shall deliver to Tenant a summary of the total Operating Costs for the previous calendar year. If such summary shows an amount due from Tenant that is less than the estimated payments previously paid by Tenant, the amount of such excess shall be applied as a credit against the installment payments of Operating Costs

that next become due, provided that if such excess occurs at the end of the Term and Tenant no longer owes any sum to Landlord under this Lease, Landlord shall promptly refund such excess to Tenant. If such summary shows an amount due from Tenant that is more than the estimated payments previously paid by Tenant, Tenant shall pay the deficiency to Landlord, as Additional Rent, within thirty (30) days after delivery of the summary.

Section 4.3 Allocation of Taxes. As of the date of this Lease, the Land constitutes a single parcel for real estate tax purposes. A portion of the land (that underlying 40 Second Avenue as more particularly described in Exhibit A-2 attached hereto, the "Ground Lease Parcel"), is or will be the subject of the Ground Lease by Landlord to an entity currently affiliated with Landlord. Landlord agrees to request that the City of Waltham establish separate real estate tax parcels, or at least separate valuations, for (i) the Ground Lease Parcel, including 40 Second Avenue and (ii) the balance of the Land, including the Building. If, despite such requests, the City of Waltham does not establish separate real estate tax parcels or valuations as aforesaid, Tenant agrees, and the Ground Lease shall provide, that real estate taxes for the Land shall be allocated between the Tenant and the ground lessee in proportion to the relative Rentable Areas in the Building and in 40 Second Avenue, respectively.

Further, the Ground Lease will include the right of the ground lessee (and, derivatively, the occupancy tenants) of 40 Second Avenue and their employees and invitees to use approximately 230 parking spaces in the Parking Facility. Pursuant to Section 4.4 hereof, Tenant has the right to use the entire balance of, or at least 660 parking spaces in the Parking Facility. Accordingly, Landlord further agrees to request that the City of Waltham, whether or not it has established separate tax parcels as aforesaid, to establish separate valuations for (i) 40 Second Avenue and (ii) the Building, to either (a) reflect such shared rights to use the Parking Facility in establishing the relative valuations for 40 Second Avenue and the Building, or (b) establish a valuation for the Parking Facility separate from the valuation of the balance of the Land and the Building, in which event Landlord and Tenant agree that the Tenant's share of the real estate taxes for the Parking Facility shall be determined by a fraction, the numerator of which is 660 (plus the number of parking spaces in the Parking Facility in excess of 890) and the denominator of which is the number of parking spaces in the Parking Facility, but not less than 890.

If, despite Landlord's request, the City of Waltham does not establish a separate tax parcel or separate valuation for 40 Second Avenue, and the Building, Landlord and Tenant agree that the real estate taxes allocable to Tenant for the Building shall be equal to the aggregate fair market value of the Building and 40 Second Avenue, multiplied by a fraction, the numerator of which is the fair market value of the Building and the denominator of which is the aggregate fair market value of the Building and 40 Second Avenue. In the event that Landlord, Tenant and, to the extent complementary provisions are included in the Ground Lease, the ground lessee on its own behalf or

on behalf of any of its occupancy tenants are unable to agree on the fair market value of each building, Landlord, Tenant or such ground lessee shall have the right to submit the matter to Arbitration in accordance with Article 20 hereof.

If the City of Waltham does establish separate real estate tax valuations for 40 Second Avenue and the Building, but does not establish a separate valuation for the Parking Facility:

- (i) if it is evident, from the methodology adopted by the City of Waltham in determining such valuations or from abatement proceedings or otherwise, that such valuations are based on an income method of valuation, then Tenant shall have no right to request a re-allocation of the Taxes based on such valuations; or
- (ii) if it is not evident, from the methodology adopted by the City of Waltham in determining such valuations or from abatement proceedings or otherwise, that such valuations are based on an income method of valuation, and Landlord, Tenant or, to the extent complementary provisions are included in the Ground Lease, the ground lessee (on its own behalf or on behalf of any of its occupancy tenants) determines, in good faith, that Tenant or such ground lessee is paying a share of the real estate taxes attributable to the Parking Facility on a basis that is inconsistent with the agreements herein set forth or that reflects an inappropriately high or low valuation for the Parking Facility, Landlord, Tenant or such ground lessee shall have the right to submit the matter to Arbitration in accordance with Article 20 hereof. Pending the outcome of any Arbitration, Tenant shall pay such amounts as Landlord in its good faith determines Tenant is obligated to pay hereunder subject to refund, as appropriate, once a final determination issues.

If Tenant in the exercise of its reasonable judgment believes that Taxes are excessive and should be abated, Tenant shall have the right to seek an abatement of the Taxes. Since Landlord also has the right to seek an abatement, Landlord or Tenant, as the case may be, shall use reasonable diligence in pursuing any such abatement, including any settlement thereof; provided, however, (a) Landlord and Tenant agree to consult with the other prior to commencing any such abatement; and (b) neither Landlord nor Tenant shall settle or discontinue prosecution of any such abatement without the approval of the other, which may be given or withheld in the other's reasonable discretion, but if such approval is not given, the party seeking such approval shall have the right to substitute the other party in such proceeding, provided further, however, that if Tenant wants to settle and Landlord declines, Taxes for the subject year payable by Tenant hereunder shall not exceed the amount that could have been payable had such settlement been effected.

Section 4.4 Parking Facility. Landlord will make available to Tenant, on a non-reserved basis, 3.3 parking spaces in the Parking Facility for each 1,000 square feet of Rentable Area of the Premises. The Parking Facility shall be provided without charge to Tenant, Tenant's employees and Tenant's invitees for the use of the Parking Facility, but all costs of operating, maintaining and repairing said Parking Facility, to the extent reasonably allocable to the Premises, shall be an Operating Cost. Landlord and Tenant shall cooperate to establish reasonable control mechanisms to ensure that such parking spaces are in fact available to Tenant and that such parking spaces as are

to be available in the Parking Facility to the ground lessee, occupancy tenants and their invitees of 40 Second Avenue are in fact available to them.

Section 4.5 Right to Audit. Tenant and its employees, accountants and consultants, subject to the limitations below, shall have the right, from time to time (but not more than once each calendar year during the Term), upon reasonable prior notice, during customary business hours, at its sole cost, and at Landlord's (or Landlord's property manager's) offices, to examine Landlord's books and records relating to Operating Costs; provided, any such examination or audit shall be conducted by employees of Tenant, a nationally or regionally recognized firm of independent certified public accountants or consultants retained by Tenant for this purpose, provided that such accountants or consultants are billing for such services at their normal hourly rates and are not compensated in whole or in part on a contingent basis, and shall not cover more than the lesser of (i) the preceding twenty-four month period, or (ii) the period not previously audited by Tenant (except, however, if Tenant's audit confirms that Landlord has fraudulently and consistently overcharged Tenant, such audit may look back for up to four years). The results of any such audit shall be kept confidential by Landlord and Tenant, except in the event of any legal proceeding between Landlord and Tenant.

ARTICLE 5
MAINTENANCE AND SERVICES

Section 5.1 Services Provided by Landlord. During the Term, Landlord will operate, maintain and repair the Premises (except for any such operation, maintenance or repair which is expressly the obligation of Tenant pursuant to this Lease) in compliance with all applicable Laws and according to those standards from time to time prevailing for comparable buildings in the area in which the Premises are located. Landlord will provide the following services according to such standards, the costs of which will be included in Operating Costs to the extent provided in the definition thereof in Section 4.2 (and the services described in Sections 5.1(b), (c), (d) and (e) below will be available up to 24 hours per day, seven days per week, excluding Holidays):

- (a) Landlord's Maintenance Responsibilities. Landlord shall maintain in -----
good repair and condition, all parts of the Common Area, the exterior of the Building and all structural elements of the Building, including footings, foundation, exterior walls, exterior windows, elevators, heating, ventilating and air conditioning equipment, plumbing and other major Building systems and roof, but Landlord shall not be obligated to replace any equipment which is repairable. "Common Area" shall refer to all areas within the outer limits of the Land other than the Premises and any other commercial areas intended for renting as the same shall exist from time to time, and roads within the outer property limits while maintained by any public authority and shall include Parking Facility. The Common Area and/or the Building may be expanded, contracted or changed by Landlord from time to time as deemed desirable by Landlord in its sole discretion; provided, such changes shall not materially impair the utility of the Common Area to Tenant in connection with Tenant's use of the Premises for the conduct of Tenant's intended use of the Premises. With respect to the Common Area, Landlord shall regularly mow any grass, remove weeds and

perform general landscape maintenance, and maintain and repair the Parking Facility and driveway areas, keeping the same free from an unreasonable accumulation of ice and snow. Tenant shall immediately give Landlord written notice of any defect or need for such repairs, and after receipt of such written notice from Tenant, Landlord shall have a reasonable opportunity to repair the same or cure such defect. The term "walls", as used in this Section 5.1, shall not include Tenant's signage.

- (b) Electrical Energy. Six and one-half watts of electrical energy per

rentable square foot of the Premises as described in Paragraph 6 of Exhibit B, including lighting the Premises and operating Planned

Office Equipment (as used in this Lease, "Planned Office Equipment" means those items of office equipment that the Base Building mechanical, electrical and other systems are designed to accommodate pursuant to the Base Building Plans). Tenant will not install in the Premises any equipment which requires electrical energy or any electrical circuits in excess of the energy or circuits available for Planned Office Equipment without Landlord's written consent, which consent Landlord will not unreasonably withhold. Tenant will pay all costs of installing facilities necessary to furnish such excess electrical energy for such equipment and for such increased electrical energy usage.
- (c) Heating and Air Conditioning. Heating, ventilating and air

conditioning the Premises at such times and at such temperatures as described in Paragraph 5 of Exhibit B. If Tenant installs any

machines, equipment or devices in the Premises that do not constitute Planned Office Equipment and such machines, equipment or devices cause the temperature in any part of the Premises to exceed the temperature the Building's mechanical system would be able to maintain in the Premises were it not for such machines, equipment or devices, then Tenant shall have the right to install supplementary air conditioning units to service the Premises. Tenant will pay all costs of installing, operating and maintaining such supplementary units (or such other air conditioning units and/or air handling equipment installed by Tenant); provided, the nature, location and means of installing any such equipment shall be subject to Landlord's prior written consent, which shall not be unreasonably withheld.
- (d) Water. Hot and cold water from the regular Building outlets for

lavatory and restrooms and for drinking purposes including, without limitation, the servicing of all lunch rooms, showers and all related purposes. Tenant will not waste water.
- (e) Access; Passenger Elevator Service. Access to the Premises and non-

attended passenger elevator service. Tenant may use only the freight elevators, loading docks and entryways Landlord designates for loading, unloading, receiving and delivering goods and supplies and for disposing garbage or refuse, but such freight elevators, loading docks and entryways shall be available for Tenant's use 24 hours per day, seven days a week, excluding Holidays. The loading docks are also available to 40 Second Avenue on a non-discriminatory basis.

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(f) Janitorial. Reasonable janitorial and cleaning services Monday through -----

Friday (except Holidays) after normal business hours in accordance with the standards set forth on Exhibit D attached hereto, provided that the -----

Premises are used exclusively for office purposes and are kept reasonably in order by Tenant. If the Premises are not used exclusively as offices, or if the Tenant elects and Landlord consents, the Premises shall be kept clean and in order by Tenant, at Tenant's expense, to the satisfaction of Landlord and by persons approved by Landlord; and, in all events, Tenant shall pay to Landlord the cost of removal of Tenant's refuse and rubbish.

(g) Damages Caused by Tenant. Tenant shall be responsible for all repairs -----

and replacements to the Premises occasioned by any willful or negligent act or omission by Tenant, its agents, administrators and employees or by any breach of Tenant's obligations hereunder, except for repairs and replacements and losses of such a nature which are required to be insured against by Landlord in accordance with Section 7.1(a) through (f).

Section 5.2 Tenant's Maintenance Responsibilities. Tenant shall, at its own cost and expense, keep and maintain all parts of the Premises in good repair and condition, reasonable wear and tear excepted, except those portions that Landlord is obligated to maintain pursuant to Section 5.1, and shall promptly make all necessary repairs and replacements to such portions of the Premises, including, but not limited to, any special entry, interior walls and finish work, floors and floor coverings, and walls and wall coverings. Notwithstanding the foregoing, Tenant shall not be obligated to repair any damage caused by (i) fire, tornado or other casualty or occurrence to the extent that such damage is covered by the insurance maintained by Landlord, or (ii) Landlord's failure to fulfill its maintenance obligations under this Lease. Tenant shall obtain and maintain all licenses and permits necessary for the operation of the business and the use of the Premises by Tenant, except for such licenses and permits applicable to any general office use, and Tenant's use of the Premises shall be in compliance with all Laws.

Section 5.3 Inspection. Landlord and Landlord's agents and representatives shall have the right to enter and inspect the Premises at any reasonable time, after reasonable prior notice (except in the case of emergency), for the purpose of ascertaining the condition of the Premises, to make such repairs as may be required or permitted to be made by Landlord under

the terms of this Lease or for any other reasonable purpose, but nothing contained herein shall be construed as imposing any obligation on Landlord to make any repairs, alterations or improvements which are Tenant's obligation. Landlord shall make all reasonable efforts to minimize any interference with Tenant's use and enjoyment of the Premises which might result from Landlord's exercise of any rights in this Lease to enter or work in the Premises.

Section 5.4 Utilities. Tenant shall contract for in its own name and directly pay the provider of all water, gas, heat, light, power, telephone, sewer and sprinkler charges and other utilities and services provided to the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto. Notwithstanding the foregoing, in the event that such services are not separately metered, Tenant's responsibility therefore shall be reasonably estimated by Landlord and

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payable to Landlord, from time to time, upon Landlord's delivery of a statement therefore and as Additional Rent hereunder.

Section 5.5 Interruption of Services. Except as provided in Article 10 with respect to a casualty or Article 11 with respect to a taking by power of eminent domain, in the event of any interruption or failure of utility service or other service required to be furnished by Landlord pursuant to this Article 5, or any occurrence which poses a legitimate threat to the health or safety of persons occupying the Premises or otherwise renders the Premises untenable, the following provisions shall be applicable: (a) in the event that such interruption, failure or occurrence continues for a period of in excess of five consecutive business days, a material portion of the Premises is rendered untenable as a result of such interruption, failure or occurrence, and the repair of the cause of such interruption, failure or occurrence is a matter within Landlord's reasonable control, then, as Tenant's sole remedy at law or in equity in connection therewith, Tenant's obligation to pay Rent shall be equitably abated during the period of such interruption, failure or occurrence; (b) in the event that such interruption, failure or occurrence continues for a period of in excess of fifteen consecutive business days and a material portion of the Premises is rendered untenable as a result of such interruption, failure or occurrence, regardless of whether the repair of the cause of such interruption, failure or occurrence is a matter within Landlord's reasonable control, Tenant's obligation to pay Rent shall, as Tenant's sole remedy at law or in equity in connection therewith, be equitably abated during the period of such failure or interruption; and (c) in the event that such interruption, failure or occurrence continues for a period in excess of ninety consecutive business days and 50% or more of the Premises is rendered untenable as a result of such interruption, failure or occurrence, regardless of whether the repair of the cause of such interruption is a matter within Landlord's reasonable control, Tenant may, as Tenant's sole remedy at law or in equity in connection therewith (other than the abatement provided in (a) or (b) above, as applicable), elect to terminate this Lease by giving written notice to Landlord at any time prior to the restoration of such services or cure of such occurrence.

ARTICLE 6
ALTERATIONS AND IMPROVEMENTS

Section 6.1 Procedures for Tenant's Improvements. Tenant may make any improvements, alterations, additions or installations in or to the Premises ("Alteration"), except that, without Landlord's prior written consent, which consent shall not be unreasonably withheld or delayed, Tenant shall not perform any Alteration which:

- (a) alters any internal partitions unless Tenant makes all changes to the sprinkler, HVAC, lighting, plumbing and security systems necessitated thereby;
- (b) affects any structural component of the Building;
- (c) has a total cost of \$25,000.00 or more as to any Alteration and not more than \$100,000.00 in the aggregate for all Alterations in any calendar year;
- (d) results in any penetration of the roof membrane.

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Along with any request for Landlord's consent and before commencing any Alteration whether or not requiring Landlord's consent, or delivering or causing to be delivered to the Premises any materials to be used in connection with the Alteration, whether or not requiring Landlord's consent, Tenant will provide Landlord with plans and specifications for the Alteration, the names and addresses of all contractors and material persons contributing to the Alteration, copies of all contracts, permits and licenses relating to the Alteration. Prior to commencement of any such Alteration, Tenant will deliver to Landlord certificates issued by insurance companies qualified to do business in Massachusetts evidencing that workman's compensation, public liability insurance and builder's risk property insurance (all in amounts, with companies and on forms reasonably satisfactory to Landlord) are in force and effect and maintained by all contractors and subcontractors engaged by Tenant to perform such Alteration. Tenant agrees to defend and hold Landlord forever harmless from any and all claims and liabilities of any kind and description which may arise out of or be connected in any way with any such Alteration. All Alterations will be done only by contractors or mechanics reasonably approved by Landlord. All Alterations will be performed in such a manner as to avoid labor disputes and to avoid materially interfering with Landlord's operation of the Premises. Tenant will pay the cost of all such Alterations (including a reasonable charge for Landlord's services and for Landlord's inspection and engineering time if Landlord reasonably concludes such Alterations will affect the Building systems, Building structural components or the roof, but no such charges are payable by Tenant in connection with the Leasehold Improvements to be installed by Landlord pursuant to the Work Letter), and also the cost of painting, restoring, or repairing the Premises occasioned by such Alterations. Upon completing the Alteration, Tenant will furnish Landlord with contractor's affidavits or unconditional lien releases and full and final waivers of liens, and receipted bills covering all labor and materials expended and used in connection with such Alteration. All Alterations will comply with all insurance requirements and all Laws and will be constructed in a good and workmanlike manner. Tenant will permit Landlord to inspect construction operations in connection with the Alterations from time to time in Landlord's discretion.

Section 6.2 Freedom From Liens. Tenant will keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant, and will indemnify Landlord against and protect, defend and hold Landlord harmless from any liens and encumbrances arising out of any work performed or material furnished by or at the discretion of Tenant. In the event that any such lien is recorded and Tenant shall release such lien of record within 20 days after the date Tenant has notice of the lien by paying the full amount of the lien or by posting a bond in an amount equal to the lien. If Tenant shall fail to do so, Landlord will have, in addition to all other remedies provided herein and at law or equity, the right, but not the obligation, to cause the same to be released by such means as Landlord deems proper, including paying and/or defending against the claim giving rise to such lien. Tenant will pay to Landlord on demand (if such demand is accompanied by reasonable supporting documentation) and as Additional Rent, any costs Landlord incurs in connection therewith, including attorneys' fees and costs, together with interest at the Interest Rate accruing from the date Landlord paid or incurred such cost(s) until the date Tenant reimburses Landlord for the same.

Section 6.3 Alterations are Part of the Premises. Any Alterations of the Premises (but excluding Tenant's trade fixtures and personal property) will become at once a part of the Premises

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and belong to Landlord without compensation to Tenant. Tenant shall reimburse Landlord for the cost of removal of all Alterations which, in Landlord's reasonable judgment, must be removed at the end of the Term in order to permit subsequent occupancy and are structural in nature or are unusually expensive to remove, such as interior stairwells or computer flooring and which Landlord actually removes, provided that, (i) if any such Alteration required Landlord's consent, Landlord has conditioned its consent to such Alteration upon removal at the end of the Term, and (ii) Tenant shall not be required to reimburse Landlord for the cost of removal of the ornamental interior stairway to be included as part of the initial Leasehold Improvements or, if Tenant elects to install an additional fire stairway in the location specified in the Base Building Plans, for the cost of removal of such fire stairs. Tenant shall have no obligation to reimburse Landlord for the cost of removal of any Alterations except in accordance with the preceding sentence, but Tenant shall have the right to remove, prior to the end of the Term, any specialty fixtures installed by Tenant, such as an emergency generator, supplemental air conditioning units, and signage, but not including any fixtures or equipment installed by Landlord in the Cafeteria Space or the Fitness Center as part of the Base Building. The costs to be borne by Tenant with respect to any removals required or permitted by this Section 6.3 shall include the cost to repair all damage remaining after such removals so as to restore the Premises to a condition consistent with the balance of the Premises, in accordance with all applicable Laws.

ARTICLE 7 INSURANCE

Section 7.1 Landlord's Insurance. During the Term, Landlord will provide and keep in force the following insurance, the costs of which will be included in Operating Costs:

- (a) bodily injury and property damage liability insurance relating to Landlord's operation of the Premises with a combined single occurrence limit of not less than \$5,000,000; such insurance will be on a commercial general liability form including, without limitation, personal injury and assumed contractual liability for the performance by Landlord of the indemnity agreements set forth in Section 7.5; such liability insurance will include cross liability and severability of interests clauses or endorsements; unless otherwise approved in writing by Tenant, such policy will have a no deductible and will not have a retention or self-insurance provision;
- (b) all risk property insurance (including fire and standard extended coverage perils, leakage from fire protective devices and other water damage, vandalism and malicious mischief to the Building and the Leasehold Improvements) covering loss or damage to the Improvements (including the Base Building, the Leasehold Improvements, and any Alterations, but excluding Tenant's fixtures, furnishings, equipment, personal property, documents, files and work products) on a full replacement cost basis, excluding excavations, footings and foundations, and with a deductible not in excess of \$50,000 unless otherwise approved by Tenant (upon the occurrence of any casualty, the amount expended by Landlord to satisfy such deductible will be included in Operating Expenses);

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- (c) loss of rental income insurance in the amount of not less than one year's Base Rent and Additional Rent for Taxes and Operating Expenses;
- (d) if any boiler or machinery is operated in the Premises and owned by Landlord, boiler and machinery insurance;
- (e) workers' compensation insurance insuring against and satisfying Landlord's obligations and liabilities under the workers' compensation laws of the State of Massachusetts;
- (f) if Landlord operates owned, hired or nonowned vehicles on the Premises, comprehensive automobile liability will be carried at a limit of liability not less than \$1,000,000 combined bodily injury and property damage; and
- (g) such other insurance as is then maintained by prudent owners of buildings similar to the Building and that Landlord reasonably elects to obtain or any Building mortgagee requires.

Insurance effected by Landlord under Sections 7.1(b), (c) and (d) will permit the release of Tenant from certain liability under Section 7.4.

Section 7.2 Tenant's Insurance. After Tenant commences fixturing pursuant to Section 3.2(a) and during the Term, Tenant will provide and keep in force the following insurance:

- (a) bodily injury and property damage liability insurance relating to

Tenant's business (carried on, in or from the Premises) and Tenant's use and occupancy, with a combined single occurrence limit of not less than \$5,000,000; such insurance will be on a commercial general liability form including, without limitation, personal injury and assumed contractual liability for the performance by Tenant of the indemnity agreements set forth in Section 7.6; Landlord and its mortgagee and any property manager designated by Landlord will be named as additional insureds in the policy providing such liability insurance, which will include cross liability and severability of interests clauses or endorsements; unless otherwise approved in writing by Landlord, such policy will have no deductible and will not have a retention or self-insurance provision;

- (b) all risk property insurance (including fire and standard extended coverage periods, leakage from fire protective devices and other water damage) covering loss or damage to Tenant's fixtures, furnishings, equipment, personal property, documents, files and work products in the Premises on a full replacement cost basis in amounts sufficient to prevent Tenant from becoming a coinsurer and with a deductible of \$5,000 or less;
- (c) if any boiler or machinery is operated in the Premises and owned by Tenant, boiler and machinery insurance;

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- (d) workers' compensation insurance insuring against and satisfying Tenant's obligations and liabilities under the workers' compensation laws of the State of Massachusetts; and
- (e) if Tenant operates owned, hired or nonowned vehicles on the Premises, comprehensive automobile liability will be carried at a limit of liability not less than \$1,000,000 combined bodily injury and property damage.

Insurance effected by Tenant under Sections 7.2(b) and (c) will permit the release of Landlord from certain liability under Section 7.4.

Section 7.3 General Insurance Requirements. All insurance required to be maintained by Landlord or Tenant pursuant to Sections 7.1 and 7.2 will be maintained with insurers licensed to do business in the State of Massachusetts and carrying a rating of A-:X or better according to the latest A.M. Bests Insurance Reports. Landlord and Tenant will file with the other, on or before the earlier of the Commencement Date or the Rent Commencement Date and at least 10 days before the expiration date of expiring policies, certificates of insurance evidencing the required coverage under Sections 7.1 and 7.2. If no objection is made within ten days after receipt of such insurance certificates, the insurance provided by such certificates shall be deemed to have satisfied the requirements hereunder regarding the maintenance of insurance. Such certificates will indicate that the insurer(s) have agreed to give the other party at least 30 days notice prior to any cancellation of, or material modification to, the required coverage. Landlord and Tenant will cooperate with each other in the collection of any insurance proceeds which may be payable in the event of any loss, including the execution and delivery of any proof of loss

or other actions required to effect recovery. All commercial general liability and property policies required to be maintained by either party hereunder will be written as primary policies, not contributing with and not supplemental to any coverage that the other party may carry.

Section 7.4 Waivers. Except to the extent caused by the willful or negligent act or omission or breach of this Lease by Landlord or anyone for whom Landlord is legally responsible, Landlord and its Affiliates will not be liable or in any way responsible for, and Tenant waives all claims against Landlord and its Affiliates for, any loss, injury or damage suffered by Tenant or others relating to (a) loss or theft of, or damage to, property of Tenant or others; (b) injury or damage to persons or property resulting from fire, explosion, falling plaster, escaping steam or gas, electricity, water, rain or snow, or leaks from any part of the Improvements or from any pipes, appliances or plumbing, or from dampness; or (c) damage caused by persons on or about the Premises, or caused by the public or by construction of any private or public work. Landlord and its Affiliates will not be liable or in any way responsible to Tenant for, and Tenant waives all claims against Landlord and its Affiliates for, any loss, injury or damage that is insured or required to be insured by Tenant under Sections 7.2(b) or (c), and for purposes of such waiver Tenant will be deemed to be "required to insure" the amount of any deductible permitted by, or the amount self-insured by Tenant pursuant to, such sections. Tenant and its Affiliates will not be liable or in any way responsible to Landlord for, and Landlord waives all claims against Tenant and its Affiliates for, any loss, injury or damage that is required to be insured against by Landlord in accordance with Sections 7.1(b), (c) or (d).

Section 7.5 Landlord's Indemnification. Subject to Section 7.4 and except to the extent caused by the willful or negligent act or omission or breach of this Lease by Tenant or anyone for whom Tenant is legally responsible, Landlord will indemnify and hold Tenant harmless from and against any and all liability, loss, claims, demands, damages or expenses (including reasonable attorneys' fees) due to or arising out of any willful or negligent act or omission or breach of this Lease by Landlord or anyone for whom Landlord is legally responsible. Landlord's obligations under this Section 7.5 will survive the expiration or early termination of the Term.

Section 7.6 Tenant's Indemnification. Subject to Section 7.4 and except to the extent caused by the willful or negligent act or omission or breach of this Lease by Landlord or anyone for whom Landlord is legally responsible, Tenant will indemnify and hold Landlord harmless from and against any and all liability, loss, claims, demands, damages or expenses (including reasonable attorneys' fees) due to or arising out of any accident or occurrence on or about the Premises during the Term (including, without limitation, accidents or occurrences resulting in injury, death, property damage or theft) or any willful or negligent act or omission of or breach of this Lease by Tenant or anyone for whom Tenant is legally responsible. Tenant's obligations under this Section 7.6 will survive the expiration or early termination of the Term.

ARTICLE 8
CERTAIN RIGHTS RESERVED BY LANDLORD

Section 8.1 Rights Reserved by Landlord. Landlord reserves the following rights, which rights Landlord may exercise subject to provisions of Section 5.3 without liability to Tenant; without effecting an eviction, constructive or actual, or a disturbance of Tenant's use or possession of the Premises; and without giving rise to any claim for setoff or abatement of Rent:

- (a) Make Repairs. To repair the Premises or any part thereof, and to -----
enter upon the Premises for such purposes. Landlord may temporarily close doors, entryways, public spaces, elevators and corridors in the Premises and interrupt or temporarily suspend services and facilities in connection with such work.
- (b) Regulate Heavy Equipment. To approve the weight, size and location -----
of safes and other heavy equipment and articles in and about the Premises and the manner in which Tenant moves such heavy equipment and articles into and out of the Premises.
- (c) Rules and Regulations. To adopt reasonable rules and regulations -----
governing Tenant's use of the Premises, the Common Areas and any enclosed walkways or Parking Facility attached or adjacent to the Building, provided that such rules and regulations will not conflict with the terms and conditions of this Lease.
- (d) Landlord Control. Landlord will have the right to close any portion -----
of the Building or Land to the extent as may, in Landlord's reasonable opinion, be necessary to prevent a dedication thereof or the accrual of any rights to any person or the public therein. Landlord will at all times have full control, management and direction of the

Premises, subject to the rights of Tenant under this Lease. No implied easements are granted by this Lease.

Section 8.2 Emergency Entry. Subject to provisions of Section 5.3, Landlord and its agents may enter the Premises at any time in case of emergency and may use any and all means which Landlord may deem proper to open the doors to the Premises during an emergency. Landlord's entry into the Premises in the event of an emergency will not, under any circumstances, be construed or deemed to be a forcible or unlawful entry into, or detainer of, the Premises, or to be an eviction of Tenant from the Premises or any portion thereof.

Section 8.3 Exhibition of Premises. Subject to provisions of Section 5.3, Tenant will permit Landlord and its agents to enter and pass through the Premises or any part thereof at reasonable times during normal business hours to: (a) post notices of nonresponsibility; (b) exhibit the Premises to Landlord's mortgagees and lienholders and to prospective purchasers or mortgagees of the Premises; and (c) during the period commencing eighteen months prior to the expiration of the Term, exhibit the Premises to prospective tenants

of the Premises.

ARTICLE 9
ASSIGNMENT AND SUBLETTING

Section 9.1 Assignment and Subletting. Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises, whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, without the prior written consent of Landlord. Landlord's consent shall not be unreasonably withheld or delayed beyond a period of fifteen days; provided, in addition to any other grounds for denial, Landlord's consent shall be deemed reasonably withheld if, in Landlord's good faith judgment: (i) the proposed assignee or subtenant does not have the financial strength to perform its obligations under this Lease or any proposed sublease, taking into account the fact that Tenant remains liable for the obligations of such assignee or subtenant; (ii) the proposed assignee or subtenant intends to use any part of the Premises for a purpose other than general office uses, which term shall include offices for use by medical professionals and their staff, and offices for persons or entities whose primary business consists of the delivery or administration of health services, except that no portion of the Premises shall be used as a medical clinic, surgical center, treatment facility, diagnostic center, radiology practice or other facility where medical patients are diagnosed or treated by medical or health care professionals, except as provided in Section 9.2; (iii) either the proposed assignee or subtenant, or any person which directly or indirectly controls, is controlled by, or is under common control with the proposed assignee or subtenant, occupies space in the Building, or is negotiating with Landlord to lease space in the Building; (iv) under applicable zoning the proposed use of the Premises or the Building by the proposed assignee or subtenant would require in excess of 3.3 parking spaces per 1000 square feet of Net Rentable Area of such assigned or subleased space; or (v) the proposed assignee fails to execute an assumption agreement with Landlord that is reasonable in form. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the Rent herein specified and for compliance with all of its other obligations under the terms,

provisions and covenants of this Lease throughout the Term. Upon the occurrence of an Event of Default, if the Premises, or any part thereof, are then assigned or sublet, Landlord, in addition to any other remedies herein provided or provided by Law, may, at its option, collect directly from such assignee or subtenant rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant hereunder, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations hereunder.

(a) Notice to Landlord. In the event Tenant desires to sublet the

Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least thirty (30) days prior to the proposed commencement date of such subletting or

assignment, which notice shall set forth the name of the proposed subtenant or assignee, all relevant terms of any sublease or assignment and copies of financial reports and other relevant information reasonably requested by Landlord concerning the proposed subtenant or assignee.

(b) Allocation of "Profits" and Expenses. In the event Landlord consents

to any assignment or subletting proposed by Tenant, all sums or other economic consideration received by Tenant in connection with such assignment or subletting, whether denominated as rent or otherwise, which exceeds, in the aggregate, the "Total Tenant Costs" shall be allocated between Landlord and Tenant as follows without affecting or reducing any other obligation of Tenant hereunder: (i) Tenant shall be entitled to retain the entirety of such excess until Tenant has recovered all Total Tenant Costs; (ii) Tenant shall be entitled to retain the entirety of such excess to the extent it accrues with respect to the period prior to the expiration of the fifth Lease Year of this Lease; and (iii) Landlord and Tenant shall each be entitled to 50% of any such excess that accrues after the expiration of said fifth Lease Year. If Tenant is receiving such sublease rents or rents from its assignee directly, Tenant shall pay to Landlord its share of such excess upon Tenant's receipt of such rents, from time to time, and as Additional Rent hereunder. For purposes hereof, the phrase "Total Tenant Costs" shall be defined as the sum of the following: (i) the total amount of Rent, including all Operating Costs and all other items of Additional Rent, which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to less than all of the Premises under a sublease), plus (ii) the "Tenant Transaction Costs." For purposes hereof, the phrase "Tenant Transaction Costs" shall be defined as the aggregate reasonable and necessary costs incurred by Tenant in such assignment or subletting including, without limitation, broker's commissions, and costs of alterations and redecorating. For purposes of calculating the Total Tenant Costs in determining the amount of any Additional Rent payable by Tenant under this paragraph during the term of any such assignment or subletting, no interest shall accrue on any portion of Total Tenant Costs. The Additional Rent, if any, payable by Tenant under this paragraph shall be payable in monthly installments, or otherwise as the same becomes due, pursuant to the provisions of each respective assignment or sublease. In addition, if Landlord grants its consent to any sublease or assignment, Tenant shall pay all of the attorney's fees

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of Landlord reasonably incurred with respect to such assignment or sublease. If Tenant has any options to extend the term of this Lease, such options shall not be available to any subtenant or assignee, directly or indirectly.

(c) Recapture. In addition to, but not in limitation of, Landlord's right

to approve any subtenant or assignee, Landlord shall have the option,

in its sole discretion, (i) in the event of a proposed assignment of the Premises (other than as an assignment to an assignee permitted by Section 9.1), to recapture the lease and (ii) in the event of any proposed subletting which together with all other then effective sublettings of the Premises is in the aggregate more than 30% of the Premises (not including in such calculation of the Rentable Area so sublet the Rentable Area assigned or sublet to a transferee permitted by Section 9.1(d)), but less than the entire Premises and that is proposed to commence after the expiration of the fifth Lease Year, to recapture the portion of the Premises to be sublet, as of the date the subletting is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice thereof within thirty (30) days following Landlord's receipt of Tenant's written notice as required above. If Landlord recaptures a portion of the Premises under this subparagraph, the parties shall cooperate in the execution and delivery of an amendment that is reasonable in form and that memorializes the occurrence and effect of such recapture. Landlord shall not have the right pursuant to this subparagraph (c) to recapture any space with respect to which the applicable sublease commenced prior to the expiration of the fifth Lease Year, even though such sublease may continue by its terms after the expiration of such fifth Lease Year.

(d) Tenant's Affiliate Transfer. Notwithstanding any contrary provision

of this Lease, Tenant may without the prior consent of Landlord, at any time assign or otherwise transfer this Lease or sublease any portion of the Premises to any parent, subsidiary or affiliate corporation or entity, or any corporation resulting from the consolidation or merger of Tenant into or with any other entity, or to any person, firm, entity or corporation acquiring a majority of Tenant's issued and outstanding capital stock or substantially all of Tenant's physical assets; provided, however, the following terms and conditions shall be applicable in connection with any such assignment or transfer: (a) the use of the Premises shall remain substantially unaffected; (b) the assignee shall assume in writing the terms and conditions set forth herein to be observed and performed by Tenant in an instrument to which Landlord is a party or is expressly designated as an intended third party beneficiary; and (c) no such merger or consolidation shall be completed by Tenant unless the successor entity formed thereby shall have a consolidated net worth at least equal to the consolidated net worth of Tenant according to Tenant's last annual audited financial statement. As used herein, the expression "affiliate corporation or entity" means a person or business entity, corporate or otherwise, that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another. The word "control" means the right and power to direct or cause the direction of the management and policies of a person or business entity, corporate or otherwise, through ownership or voting securities or by contract. Nothing herein contained shall be construed as releasing Tenant from any of its liabilities or other obligations hereunder.

Section 9.2 Massachusetts General Sublease. Tenant acknowledges that Landlord has an obligation to make up to 3,500 square feet of Rentable Area of the Premises available to Massachusetts General Physicians Organization, Inc. ("MGP") pursuant to the terms of Exhibit F. Tenant hereby agrees to sublease a portion of the Premises to MGP pursuant to a sublease (the "Sublease") in accordance with the terms of Exhibit F, the terms of this Section 9.2, and, to the extent not inconsistent with the terms of Exhibit F and this Section 9.2, on substantially the same terms and conditions as the lease from Waltham 40 LLC to MGP for space in the building at 40 Second Avenue (the "40 Second Avenue Lease").

The Sublease will be negotiated by Landlord with MGP and will be prepared by Landlord's attorney, the cost of such attorney to be paid by Landlord. Any reasonable costs incurred by Tenant for its attorney to review such Sublease shall be paid by Landlord. The terms of the Sublease will be subject to Tenant's approval, which approval shall not be unreasonably withheld or delayed.

Landlord and Tenant agree that MGP's premises in the Building under the Sublease (the "Sublease Space") will be on the first floor of the Premises in a suitable location designated by Tenant.

The term of the Sublease, including all options to extend, shall be coterminous with the term and extension options of the 40 Second Avenue Lease, and the Sublease shall provide that: (i) MGP may exercise its options to extend the term of the Sublease so long as it also extends the term of the 40 Second Avenue Lease, and (ii) the term of the Sublease shall terminate upon the expiration or sooner termination of the 40 Second Avenue Lease.

The annual net rental payable by MGP under the Sublease will be \$22.00 per rentable square foot net during the initial term of the Sublease. In the event that MGP extends the Sublease, Tenant will not be obliged to pay Landlord as rent for the Sublease Space, during any extension term of the Sublease, any more money than is received by Tenant as rent under the MGP Sublease.

Landlord will construct the Sublease Space in accordance with the terms of the Sublease. Landlord will provide to MGP a buildout allowance of \$23.00 per rentable square foot for the Sublease Space and the amount provided by Landlord to MGP will reduce the Leasehold Improvements Allowance provided by Landlord to Tenant under Exhibit C of this Lease. Tenant will not be obligated to contribute to the buildout for MGP.

In the event that Associated Radiologists of Boston, Inc. ("ARB") or its assignee shall terminate its lease in the building at 40 Second Avenue (the "ARB Lease"), or if the ARB Lease is terminated for any reason, or if the ARB Lease is amended or modified in such a manner that the owner of the building at 40 Second Avenue shall no longer be precluded by the ARB Lease from leasing of any other space in the building at 40 Second Avenue for the operation of a radiology practice, then Landlord will use reasonable efforts to relocate MGP to the building at 40 Second Avenue, provided that Landlord shall have no obligation to so relocate MGP if the cost to Landlord

of such relocation will exceed \$50,000. Tenant agrees that the Sublease shall not obligate MGP to relocate to the 40 Second Avenue Building and agrees that Landlord shall have no further obligation or liability if MGP does not agree to a relocation.

At such time as MGP shall surrender the Sublease Space, Tenant agrees to accept the Sublease Space in its then "as is condition" subject to the obligation of MGP to surrender such space in accordance with the terms of the Sublease, and provided that, in any event, Landlord will cause to be removed any special conditions or equipment associated with the use of the Sublease Space for a radiology practice.

Landlord will cause Waltham 40 LLC, the landlord of the building at 40 Second Avenue, to agree to be bound by the terms of this Section 9.2.

ARTICLE 10 DAMAGE BY FIRE OR OTHER CASUALTY

Section 10.1 Termination Options. If the Premises are damaged by fire or other casualty, Landlord will, within 30 days of the date of such damage, notify Tenant in writing of the time necessary to repair or restore such damage, as estimated by Landlord's architect, engineer or contractor. If (i) such damage occurs during the 12-month period that ends on the last day of the initial Term, if Tenant has not exercised its Extension Option, or during the last twelve months of the Extension Term, if Tenant has exercised its Extension Option, and if such estimate states that repair or restoration of all of such damage that was caused to the Premises cannot be completed within 180 days from the date of such repair or restoration is commenced, or (ii) the loss is of a nature which Landlord is not required by this Lease to insure against, then both Tenant and Landlord will have, as their respective sole remedies in connection with such condition, the option to terminate this Lease. If such damage is of a nature which is not required to be insured against by Landlord in accordance with Section 7.1(a) through (f) and if the cost to repair such damage is determined to be in excess of \$500,000.00 then Landlord will have the option to terminate this Lease. Any option to terminate granted above must be exercised by written notice to the other party given within 10 days after Landlord delivers to Tenant the notice of estimated repair time. If either party exercises its option to terminate this Lease, the Term will expire and this Lease will terminate 10 days after notice of termination is delivered; provided, however, that Rent for the period commencing on the date of such damage until the date this Lease terminates will be reduced to the reasonable value of any use or occupation of the Premises by Tenant during such period.

Section 10.2 Repair Obligations. If the Premises are damaged by fire or other casualty and neither party terminates this Lease according to Section 10.1, then Landlord will repair and restore such damage with reasonable promptness, subject to delays for insurance adjustments and delays caused by matters beyond Landlord's control. Landlord will have no liability to Tenant and Tenant will not be entitled to terminate this lease if such repairs and restoration are not in fact completed within the estimated time period, provided that Landlord promptly commences and diligently pursues such repairs and restoration to completion; provided, however, that if Landlord fails to complete such repairs and restoration within 270 days (which period shall not be extended by any Permitted Delays) from the date of the casualty, Tenant's sole remedy

shall be to terminate this Lease by notice to Landlord given prior to such completion. In no event will Landlord be

obligated to repair, restore or replace any of the property by reason of any damage which is of a nature which is required to be insured against by Tenant in accordance with Section 7.2.

Section 10.3 Rent Abatement. If any fire or casualty damage renders the Premises untenable and if this Lease is not terminated according to Section 10.1, then Rent will abate beginning on the date of such damage. Such abatement will end on the date Landlord has substantially completed the repairs and restoration Landlord is required to perform according to Section 10.2. Such abatement will be in an amount bearing the same ratio to the total amount of Rent for such period as the untenable portion of the Premises bears to the entire Premises. In no event will Landlord be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from damage; provided, however, that, to the extent Tenant remains in possession of a portion of the Premises, Landlord will take all reasonable steps to minimize the disruption to Tenant's business and use of such portion of the Premises during the period of repair.

ARTICLE 11
EMINENT DOMAIN

Section 11.1 Termination. If the whole of the Premises is taken by any public authority under the power of eminent domain, this Lease will terminate as of the day possession is taken by such public authority. If more than 15% of the Rentable Area of the Building is taken, or if so much of the Land is taken that Tenant is permanently deprived of the use of more than 25% of the Parking Facility previously available on the Land (and such spaces cannot be reconstructed on the remaining Land or any adjacent land acquired by Landlord for that purpose within 90 days after Tenant is so deprived of such use), by any public authority under the power of eminent domain, then Tenant may, by notice to Landlord, terminate this Lease as of the day possession is taken by such public authority. In case of any such termination, Landlord will make a pro rata refund of any prepaid Rent.

Section 11.2 Award; Restoration. All damages awarded for such taking under the power of eminent domain or any like proceedings will belong to and be the property of Landlord. Tenant hereby assigns to Landlord its interest, if any, in such award, except that Tenant will have the right to prove in any condemnation proceedings and to receive any award which may be made for relocation benefits and moving expenses. Anything in this Article 11 to the contrary notwithstanding, in the event of a partial condemnation of the Premises where this Lease is not terminated, (i) Landlord will, at its sole cost and expense, restore the Premises (other than any alterations or improvements installed by Tenant) to a complete architectural unit (but Landlord's restoration obligations will be limited to restoration and repair of the Base Building and Leasehold Improvements and Landlord will not be obligated to commence any restoration if the cost of such restoration is in excess of the condemnation award available to Landlord), and (ii) the Base Rent provided for herein during the period from and after the date of delivery of possession

pursuant to such proceedings to the termination of this Lease will be reduced to a sum equal to the product of the Base Rent provided for herein multiplied by a fraction, the numerator of which is the fair market rent of the Premises after such taking and after the same has been restored to a complete architectural unit, and the denominator of which is the fair market rent of the Premises prior to such taking.

ARTICLE 12
SURRENDER OF PREMISES

Section 12.1 Surrender of Possession. On the last day of the Term, or on the earlier termination of this Lease, Tenant will peaceably surrender the Premises in good order, condition and repair consistent with Tenant's duty to make repairs as provided in this Lease. On or before the last day of the Term, or on the earlier termination of this Lease, Tenant will, at its sole cost and expense, remove all of its property and trade fixtures and equipment from the Premises and patch any holes in the walls, floor or ceiling that remain as a consequence of such removal. Subject to Section 6.3, all alterations, additions and fixtures, other than Tenant's trade fixtures and equipment which have been made or installed by either Landlord or Tenant upon the Premises, will remain the property of Landlord and will be surrendered with the Premises as a part thereof. Upon the expiration of the Term or earlier termination of this Lease, Tenant will promptly surrender all keys for the Premises to Landlord at the place then fixed for the payment of Rent and will provide Landlord with combinations to any vaults, locks and safes left on the Premises.

Section 12.2 Holding Over. Tenant will, at the expiration or earlier termination of this Lease, yield up immediate possession of the Premises to Landlord. If Tenant retains possession of the Premises, or any part thereof after such termination, then Landlord may, at its option, serve written notice upon Tenant that such holding over constitutes the creation of a month to month tenancy upon the terms and conditions set forth in this Lease; provided, however, that the monthly Base Rent shall, in addition to all other sums which are to be paid by Tenant hereunder, whether or not as Additional Rent, be equal to 150% of the Base Rent being paid monthly to Landlord under this Lease immediately prior to such termination.

ARTICLE 13
QUIET ENJOYMENT

Section 13.1 Quiet Enjoyment. Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying the rental and performing its other covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord or any person or entity claiming by, through, or under Landlord, subject to the terms and provisions of this Lease.

ARTICLE 14
DEFAULT AND REMEDIES

Section 14.1 Events of Default. The following events shall be deemed to

be events of default by Tenant under this Lease (individually, an "Event of Default" and collectively, "Events of Default"):

(a) Base Rent and Operating Costs. Tenant shall fail to pay any monthly

installment of Base Rent or Operating Costs when due, and such failure shall continue for a period of five (5) days after notice from Landlord; provided, if Tenant is late in the payment of any such monthly installment more than three times during the Term, thereafter Landlord may require Tenant to pay such monthly installments via wire transfer;

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(b) Other Monetary Defaults. Tenant shall fail to pay any Rent, other than

a monthly installment of Base Rent or Operating Costs, on or before the first day of the next calendar month after the month in which Tenant receives notice of such other Rent, if Tenant receives such notice on or before the tenth day of the calendar month, or on or before the first day of the second calendar month after the month in which Tenant receives such notice if Tenant receives such notice after the tenth day of the month;

(c) Liens. Tenant shall fail to discharge any lien placed upon the

Premises in violation of Section 6.2 within (20) days after Tenant receives notice that any such lien or encumbrance is filed against the Premises; or

(d) Other Breach. Tenant shall fail to comply with any term, provision or

covenant of this Lease (other than the foregoing in this Article 14), and shall not cure such failure within thirty (30) days after notice; provided, in the event such default cannot reasonably be cured within such thirty (30) day period, an Event of Default shall not be deemed to have occurred so long as Tenant commences an effective cure within said thirty (30) day period and prosecutes such cure diligently to completion.

Section 14.2 Remedies. Upon the occurrence of any of such Events of Default, Landlord, at its option, shall have one or more of the following described remedies:

(a) Termination. Landlord may terminate this Lease and Landlord may, at

Landlord's option, enter into the Premises, remove Tenant's signs and other evidences of tenancy, and take and hold possession thereof, without such termination, entry and possession releasing Tenant, in whole or in part, from its obligations hereunder, including Tenant's obligation to pay Base Rent, Operating Costs and all other sums payable by Tenant hereunder, for the full Term. Landlord shall use reasonable efforts to relet the Premises for such rent and upon such terms as Landlord shall reasonably determine (including, without limitation, the right to relet the Premises as part of a larger area and the right to change the character or the use made of the Premises), and Landlord shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant about such reletting or to accept any lease which Landlord reasonably

determines is not consistent with the then existing market or is not approved by Landlord's mortgagee. In any such case, Landlord may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent Landlord reasonably deems necessary or desirable. All rentals and other sums received by Landlord from any such reletting shall be applied as follows: first, to the payment of any amounts, other than Rent, due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such alterations, repairs, additions and redecorating; third, to the payment of Landlord's expenses of reletting, including, without limitation, broker's commissions, attorneys' fees and lease inducements, such as moving or leasehold improvement allowances and unexpired free rent periods; fourth, to the payment of Rent and other charges due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable hereunder. If such rentals and other sums received from such reletting during any month be less than the

Rent to be paid during said month by Tenant hereunder, Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Notwithstanding any such termination and collection by Landlord of Rent from Tenant for a portion of the remaining Term, Landlord may at any time elect to seek damages as provided in (b) below.

(b) Damages in the Event of Termination. It is acknowledged that the

damages that would be incurred by Landlord in connection with the termination of this Lease following a default by Tenant would be difficult to estimate or ascertain. Notwithstanding any contrary provision herein, in the event Landlord elects to terminate this Lease and re-enter and take possession of the Premises, Landlord may, provided that any action to recover such damages pursuant to this Section 14.2(b) is commenced by Landlord within twelve (12) months following termination of this Lease pursuant to Section 14.1(a), in lieu of continuing to collect Rent from Tenant for the remainder of the Term under (a) above, recover from Tenant, as liquidated damages, an amount equal to the sum of the following: (i) all unpaid Rent that is then payable by Tenant hereunder; plus (ii) a sum of money equal to the difference between the (A) entire amount of Rent that would be thereafter payable under the Lease and ending upon the original date of the expiration of the Term, less (B) the fair market rent for the Premises for the same period, which difference (if positive) shall be immediately due and payable upon demand but which shall be discounted to present value using a discount rate equal to the discount rate of the Federal Reserve Bank of Boston as of the date of calculation plus two percent (2%). For purposes of calculating the amount of Rent that would be payable under the Lease for any future period, the Base Rent shall be computed as provided in Section 4.1 and the Additional Rent component of the Rent shall be computed on the basis of the average monthly amount of Rent accruing during the twenty-four (24) month period immediately preceding the default to which such termination relates (exclusive of any months in which Tenant received abated rent or in which the tax parcel upon which the Land is situated was not fully assessed for the value of the Building); provided, however, if the default occurs prior to the expiration

of the first twenty-four (24) months of the Lease, then the Rent shall be computed on the basis of the average monthly amount of Rent accruing during all months preceding the month in which said default occurred (exclusive of any months in which Tenant received abated rent or in which the tax parcel upon which the Land is situated was not fully assessed for the value of the Building).

(c) Tenant's Property. Any personal property of Tenant remaining in the

Premises after the expiration or earlier termination of the Lease or of Tenant's right to possession of the Premises shall be deemed abandoned. Any and all such abandoned property may be handled, removed and stored, as the case may be, by or at the direction of Landlord at the sole risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the property shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

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(d) Late Charge. In the event Tenant fails to pay any portion of the Rent

payable by Tenant hereunder within five (5) days of the date that such amount is due, Tenant shall pay to Landlord on demand a late charge to help defray the additional cost to Landlord for processing such late payments in an amount equal to (i) so long as Tenant has not been late in the payment of any element of Rent more than two times during the preceding twelve (12) month period, interest on such installment or other charge from the date such installment or charge was due at a per annum rate equal to the Interest Rate until paid in full, or (ii) after Tenant has been late in the payment of any element of Rent more than three times during the preceding twelve (12) month period, five percent (5%) of such installment or other charge that is so overdue in any month, and two percent (2%) each month thereafter until paid in full. Such late charge shall be Additional Rent hereunder and the failure to pay such late charge within five (5) days after demand therefor shall be an Event of Default hereunder. The provision for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

(e) Consequential Damages. In no event shall Tenant be liable for any

indirect, incidental, special, punitive or consequential damages, including lost profit or revenues, even if informed of their possibility.

(f) Miscellaneous. Pursuit of any of the foregoing remedies shall not

preclude pursuit of any of the remedies herein provided or any other remedies available at law or in equity, nor shall pursuit of any remedy

herein provided constitute a forfeiture or waiver of any Rent due to Landlord hereunder or of any damages accruing to the non-breaching party by reason of the violation of any term, provision and/or covenant herein contained. No agreement to accept a surrender by Tenant of its right or possession of the Premises shall be valid unless in writing signed by Landlord. No waiver by either party of any violation or breach of any term, provision and/or covenant herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any term, provision and/or covenant herein contained. Landlord's acceptance of the payment of rental or other payments hereunder after the occurrence of an Event of Default shall not be construed as a waiver of such default, unless Landlord so notifies Tenant in writing. Forbearance by either party to enforce one or more of the remedies with respect to any default shall not constitute a waiver thereof, or a waiver of any remedy in connection with any subsequent default, unless such waiver is acknowledged in writing. In the event of any litigation to enforce or interpret the terms hereof, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and disbursements.

Section 14.3 Landlord's Default. In the event of any default by Landlord, Tenant will give Landlord written notice specifying the default with particularity, and Landlord shall thereupon

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have thirty (30) days in which to cure any such default; provided, in the event such default cannot reasonably be cured within such thirty (30) day period, an event of default shall not be deemed to have occurred so long as Landlord commences an effective cure within said thirty (30) day period and prosecutes such cure diligently to completion. If Landlord shall fail to cure such default as provided in the preceding sentence, or if, in the event of an emergency condition affecting safety, the operation of major Building systems or otherwise materially affecting Tenant's use and enjoyment of the Premises, Landlord does not promptly commence and diligently pursue such cure, Tenant will be entitled to exercise any right or remedy available to Tenant at law or in equity by reason of such default except to the extent expressly waived or limited by the terms of this Lease, and, provided that Tenant stated in such notice of default to Landlord that Tenant intends to effect its self-help rights under this Section 14.3, Tenant may proceed to cure Landlord's default and commence an action against Landlord to recover the amount reasonably expended by Tenant in doing so, plus interest thereon at the Interest Rate from the date incurred to the date of payment by Landlord. Notwithstanding any contrary provision herein, if Landlord shall fail to perform any covenant, term or condition of this Lease required to be performed by Landlord, if any, and if as a consequence of such default Tenant shall recover a money judgment against Landlord, such judgment shall be satisfied only out of (i) installments of Rent then or thereafter due to Landlord, or (ii) the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Building and out of rents or other income from such property receivable by Landlord, or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Building, but subject to the rights of any Mortgagee, as hereinafter defined, and neither Landlord nor any officer, agent, trustee, beneficiary or general or limited partner of Landlord, or other person or entity having an

interest in Landlord shall be personally liable for any deficiency; provided, the foregoing shall not limit any right that Tenant might have to obtain injunctive relief against Landlord or to maintain any suit or action in connection with the enforcement or collection of damages to the extent that such damages are payable under policies of liability insurance maintained by Landlord. Notwithstanding the foregoing, however, if Tenant has been notified of the name and address of any mortgagee, ground lessor, trust deed holder, and/or sale-leaseback lessor of Landlord's interest in the Premises ("Mortgagee"), then Tenant will not exercise any remedy as a result of Landlord's default unless and until Tenant has given any such Mortgagee, by registered or certified mail, a copy of any notice of default served upon Landlord simultaneously with the delivery of notice to Landlord. Any disputes as to the availability or exercise of Tenant's self-help rights under this Section shall be subject to Arbitration pursuant to Article 20 hereof.

In no event shall Landlord be liable for any indirect, incidental, special, punitive or consequential damages, including lost profit or revenues, even if informed of their possibility.

Section 14.4 Legal Costs. The prevailing party in any action commenced under this Lease will be entitled to recover from the non-prevailing party the prevailing party's attorneys' fees and costs.

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ARTICLE 15 SUBORDINATION

Section 15.1 Mortgages. Tenant accepts this Lease subject and subordinate to any ground lease and mortgage(s) now or at any time hereafter constituting a lien or charge upon the Building and the Land or the Premises; provided, however, that if the holder of any such mortgage elects to have Tenant's interest in this Lease superior to any such instrument, then, by notice to Tenant from such holder, this Lease shall be deemed superior to such lien, whether this Lease was executed before or after said mortgage. Tenant shall at any time hereafter on demand execute any instruments, releases or other documents that may be reasonably required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage; provided, it shall be a condition to Tenant's obligation to subordinate to any future mortgage encumbering the Building that Tenant receives an agreement from the holder of any such mortgage that, in the event that such holder acquires the Landlord's interest in the Building, such holder shall recognize the validity of this Lease so long as Tenant is not in default hereunder beyond any applicable cure periods, subject to the limitations in Section 15.2.

Section 15.2 Attornment. If Landlord's interest in the Premises is transferred to any person or entity ("Transferee") as a result of the foreclosure of a mortgage or deed of trust encumbering the Premises or the termination of a ground lease of the Premises or other proceedings for the enforcement of a mortgage, deed of trust or ground lease or by taking a deed in lieu of foreclosure or otherwise, Tenant will not disaffirm this Lease or any of its obligations under this Lease and Tenant will, unless otherwise notified in writing by Transferee, immediately and automatically attorn to Transferee and this Lease will continue in full force and effect as a direct lease between

Tenant and Transferee upon the same terms and conditions of this Lease except that Transferee will not be (a) subject to any offsets or defenses which Tenant might have against Landlord, other than those expressly provided for in this Lease; (b) bound by any prepayment by Tenant of more than one month's installment Rent; or (c) obligated to perform any of Landlord's obligations under this Lease except during the period of Transferee's ownership of the Premises. Tenant's right of first offer pursuant to Section 2.4 shall be binding upon any Transferee.

Section 15.3 Tenant's Notice of Default. Provided the Landlord or any Mortgagee which has notified Tenant in writing (by the way of a notice of assignment of lease or otherwise) of its address, Tenant will give such Mortgagee, a copy of any notice of default which Tenant delivers to Landlord and based upon which Tenant asserts the right to an abatement of any Rent or to terminate this Lease, simultaneously with Tenant's delivery of the notice to Landlord, by registered or certified mail, return receipt requested. Any such Mortgagee will have the right to cure any alleged default during the same period that Landlord has to cure such default and if such Mortgagee cures such alleged default, the Mortgagee's performance will be deemed performance on behalf of Landlord and the performance will be accepted by Tenant as if performed by Landlord. Tenant shall not be entitled to any abatement of Rent or to terminate this Lease until Tenant has delivered a copy of the relevant notice or notices to any Mortgagee or Mortgagees pursuant to this Section 15.3 and afforded such Mortgagee or Mortgagees the cure rights provided for in this Section 15.3.

Section 15.4 Estoppel Certificates. Tenant agrees from time to time upon not less than 10 days' prior written request by Landlord to deliver to Landlord a statement in writing certifying

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(a) that the form of the Lease attached to such certificate is a true and correct copy of this Lease, (b) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease as modified is in full force and effect and stating that the modifications have been attached to the certificate); (c) Tenant is in possession of the Premises and Rent is accruing under the Lease in accordance with the terms hereof (or, if not, indicating the status); (d) the dates to which the Rent and other charges have been paid; (e) to Tenant's knowledge, neither Landlord nor Tenant is in default in any provision of this Lease or, if in default, the nature thereof specified in detail; (f) the amount of monthly rental currently payable by Tenant; (g) the amount of any prepaid Rent, (h) that Tenant has accepted the Premises in its then current condition (or if there is Landlord's Work not yet completed stating the nature of such Work, to Tenant's knowledge) and Landlord has no further obligation to provide any tenant inducements (or if there is any remaining tenant inducement not yet provided, stating the nature thereof, to Tenant's knowledge), and (i) such other matters as may be reasonably requested by Landlord or any Mortgagee or prospective purchaser of the Premises. If Tenant does not deliver such statement to Landlord within such 10 day period, and Landlord delivers a notice to Tenant advising it of its failure to respond within such 10 day period, and Tenant further fails to deliver such statement to Landlord within five days after receiving such follow-up notice, Landlord and any prospective purchaser or Mortgagee of the Premises may conclusively presume the truth of and rely upon the following facts: (i) that the terms and

provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated and is in full force and effect, except as otherwise represented by Landlord; (iii) that the current amounts of the Base Rent are as represented by Landlord; (iv) that there have been no subleases or assignments of the Lease; (v) that not more than one month's Base Rent or other charges have been paid in advance; (vi) that Tenant has accepted the Premises in its current condition; and (vii) that Landlord is not in default under the Lease. In such event, Tenant will be estopped from denying the truth of such facts.

Landlord agrees from time to time upon not less than 10 days' prior written request by Tenant to deliver to Tenant a statement in writing certifying (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease as modified is in full force and effect and stating the modifications); (b) the dates to which the Rent and other charges have been paid; (c) to Landlord's knowledge, Tenant is not in default in any provision of this Lease or, if in default, the nature thereof specified in detail; (d) the amount of monthly rental currently payable by Tenant; (e) the amount of any prepaid Rent, and (f) such other matters as may be reasonably requested by Tenant, any prospective sublessee of the Premises, assignee of this Lease or purchaser of Tenant's business. If Landlord does not deliver such statement to Tenant within such 10 day period, and Tenant delivers a notice to Landlord advising it of its failure to respond within such 10 day period, and Landlord further fails to deliver such statement to Tenant within five days after receiving such follow-up notice, Tenant and any prospective sublessee or assignee or purchaser of Tenant's business may conclusively presume the truth of and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Tenant; (ii) that this Lease has not been canceled or terminated and is in full force and effect, except as otherwise represented by Tenant; (iii) that the current amounts of the Base Rent are as represented by Tenant; (iv) that not more than one month's Base Rent or other charges have been paid in advance; and (v) that Tenant is not in default under the Lease. In such event, Landlord will be estopped from denying the truth of such facts.

ARTICLE 16
USE AND COMPLIANCE

Section 16.1 Permitted Use. Tenant covenants to use the Premises only for general office purposes and information technology consulting services and placement, which use shall also include offices for medical professionals and their staff and offices for persons or entities whose primary business consists of the delivery or administration of health services, except that no portion of the Premises shall be used as a medical clinic, surgical center, treatment facility, diagnostic center, radiology or other facility where medical patients are diagnosed or treated by medical or health care professionals, except as provided in Section 9.2. Tenant will not keep anything on or about the Premises which would invalidate any insurance policy required to be carried on the Premises by Landlord or Tenant pursuant to this Lease, unless such insurance can be kept in force by endorsement and Tenant agrees to pay, as Additional Rent, the additional premium for such endorsement. Tenant will not place a load upon any floor of the Premises exceeding the floor load per square foot area set

Section 16.2 Compliance with Laws and Recorded Covenants. Tenant will not use the Premises or permit anything to be done in or about the Premises which will, in any way, conflict with any Laws now in force or which may hereafter be enacted or promulgated. Except where this Lease makes Landlord responsible for compliance with Laws applicable to office uses generally, Tenant will, at its sole cost and expense, promptly comply with all Laws now in force or which may hereafter be in force, and with the requirements of any fire insurance underwriters or other similar body now or hereafter constituted relating to or affecting Tenant's use or occupancy of the Premises or the condition of any portion of the Premises which Tenant is obligated to maintain pursuant to Section 10.1. Landlord represents that all recorded covenants, conditions, and restrictions affecting the Premises as of the date of this Lease (the "Existing Encumbrances") are referred to in the schedules attached as Exhibit E. Tenant will not do anything to violate or cause Landlord to be in

violation of the Existing Encumbrances. Landlord may hereafter enter into any easements, covenants, conditions, and restrictions affecting the Premises and may enter into or amend the Ground Lease (including granting to the ground lessee and tenants and occupants of 40 Second Avenue the right to use up to 230 parking spaces in the Parking Facility, but not in any event more than the number of spaces by which the total number in the Parking Facility exceeds the number of spaces to which Tenant is entitled pursuant to Section 4.4 hereof), create a condominium upon the Premises and 40 Second Avenue, or subdivide any parcel or parcels of land which may include the Premises with Tenant's consent, which consent shall not be unreasonably withheld, so long as such actions which do not materially impair any of Tenant's rights or materially increase any of Tenant's obligations under this Lease ("Future Encumbrances"). Tenant shall also, upon receiving a copy of any Future Encumbrance, comply with such Future Encumbrances to the extent that doing so will not materially impair any of Tenant's rights or obligations under this Lease. Except with respect to any Alterations or other work installed or to be installed in the Premises by Tenant, Landlord represents that when possession of all of the Premises is tendered to Tenant with the Landlord's Work Substantially Completed, the Premises will comply in all material respects with all applicable Laws in effect on the date of this Lease.

Section 16.3 Landlord's Covenants. To the best of Landlord's actual and not constructive knowledge, as of the Commencement Date the Building (including the Premises and all common

areas) shall be free of all Hazardous Substances that are not in compliance with applicable Environmental Laws. Upon request of Tenant, Landlord shall provide Tenant a copy of whatever environmental reports or assessments concerning the Land or Building that may be in Landlord's possession or under Landlord's control. In the event that, during the Term, Tenant discovers the existence in the Premises or the Building of Hazardous Substances other than those handled by Tenant, handled by a sublessee of Tenant or other party that has occupied any portion of the Premises after acquiring all or any portion of Tenant's rights hereunder, or handled by another tenant or other occupant of the Building

subsequent to the Commencement Date, and if such Hazardous Substances have not been handled in compliance with all applicable Environmental Laws (such as hazardous materials, that have not been handled in compliance with all applicable Environmental Laws being defined as "Building Unlawful Hazardous Materials"), then Landlord shall, as its sole obligation and responsibility to Tenant, (a) commence within sixty (60) days after Landlord receives from Tenant notice of such breach or discovery, as the case may be, and verifies the accuracy of such claim by Tenant, a removal, encapsulation or other containment program reasonably elected by Landlord which is required by and complies with applicable Laws, and (b) diligently prosecute such program to completion, including any required monitoring or reporting activities, in such a manner as will make the Premises free from Building Unlawful Hazardous Materials in accordance with the standards promulgated in applicable Environmental Laws. Notwithstanding the foregoing, Landlord shall indemnify Tenant from and against any claim made by, or liabilities or judgments owed to, third parties to the extent that the damages forming the basis thereof are caused by the presence, now or hereafter, of any Hazardous Substances that have been placed, stored or generated in the Premises by Landlord and, to the extent that Landlord is so obligated to indemnify Tenant, Landlord's duty of indemnification shall survive the termination of the Lease.

Section 16.4 Tenant's Covenants. Tenant shall at all times comply, and cause its subtenants, contractors, employees and agents to comply, with applicable local, state and federal laws, ordinances and regulations relating to Hazardous Substances. "Hazardous Substances" means (1) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants that (A) pose a hazard to the Premises, Building or Land or to persons on or about the Premises, Building or Land or (B) cause the Premises, Building or Land to be in violation of any hazardous materials Laws; (2) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls, or radon gas; (3) any chemical, material or substance defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", or "toxic substances", or words of similar import under any applicable Environmental Law; (4) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety of the occupants of the Premises, Building or Land or the owners and/or occupants of property adjacent to or surrounding the Land, or any other person or entity coming upon the Land or adjacent property; and (5) any other chemical, material or substance that may or could pose a hazard to the environment. Tenant shall not: (i) use the Premises, Building or Land for the storage of Hazardous Substances except for such activities that are part of the course of Tenant's ordinary business (the "Permitted Activities"); provided, such Permitted Activities are conducted in accordance with all applicable Environmental Laws, and have been approved in advance in writing by Landlord; (ii) use the Premises, Building or Land as a landfill or dump; or (iii) install any underground tanks of any

type at the Land. Tenant shall at its own expense maintain in effect any and all permits, licenses or other governmental approvals, if any, required for Tenant's

use of the Premises and require the same of any subtenants. Tenant shall make and cause any subtenant to make all disclosures required of Tenant by any Laws, and shall comply and cause subtenant to comply with all orders concerning Tenant's use of the Premises issued by any governmental authority having jurisdiction over the Premises and take all action required by such governmental authorities to bring the Tenant's activities on the Premises into compliance with all environmental and other Laws affecting the Premises. If at any time Tenant shall become aware, or have reasonable cause to believe, that any Hazardous Substance has been released or has otherwise come to be located on or beneath the Land, Tenant shall, give written notice of that condition to Landlord. Tenant shall be responsible for, and shall indemnify, defend and hold Landlord harmless from and against, all environmental claims, demands, damages and liabilities, including, without limitation, court costs and reasonable attorneys' fees, if any, arising out, or in connection with the generation, storage, disposal or other presence of any Hazardous Substance in, on or about the Premises, Building or Land that occurred during the Term and that was caused or permitted by Tenant or its subtenants, contractors, agents or employees. The indemnification provided by this Paragraph shall survive the expiration or earlier termination of this Lease. Tenant shall be entitled to control any regulatory or other proceedings for which Tenant is responsible under this Section 16.4, including the right to contest in good faith any at no risk to Landlord any potentially applicable statutes, regulations, or other governmental determinations, provided that Landlord shall at all times have the right to join in and/or be notified of the status of any such proceedings.

ARTICLE 17 CAFETERIA

Section 17.1 Cafeteria. Landlord shall furnish and equip a full service cafeteria in a certain space (the "Cafeteria Space") of approximately 3,000 square feet of Rentable Area in the location to be specified in the Base Building Plans, in accordance with the Preliminary Plans and the Cafeteria Plan to be prepared by Landlord consistent with the Preliminary Plans and approved by Tenant. Tenant shall enter into a contract with the operator selected by Tenant, acting with input from and consultation with Landlord. The initial cost of constructing, furnishing, and equipping such Cafeteria Space in accordance with the Preliminary Plans and the Cafeteria Plan to be prepared by Landlord and approved by Tenant shall be included as part of the Base Building. The Cafeteria Space shall be included in the calculation of the number of square feet of Rentable Area in the Premises. In addition, and notwithstanding any contrary provision herein, all costs incurred by Landlord in connection with such cafeteria including, without limitation, utilities, janitorial and repairs and maintenance of furniture, fixtures and equipment shall be included as part of Operating Costs. Tenant shall be responsible for all costs incurred in connection with any Alteration to the Cafeteria and any operating losses in connection herewith. No failure of performance on the part of any operator of the cafeteria within the Cafeteria Space shall constitute a default by Landlord under the Lease. Tenant may change the operator of the Cafeteria at any time and at Tenant's cost; Tenant shall consult with Landlord in good faith to replace such operator with an alternative qualified food service vendor. Tenant may discontinue operation of the Cafeteria Space at any time and use the Cafeteria Space for other purposes permitted hereby, but on the expiration or termination of the Lease, the Cafeteria Space and all equipment installed therein by Landlord as part of the Base Building (or replacements thereto) shall be surrendered to Landlord in accordance with Section 12.1.

ARTICLE 18
FITNESS SPACE

Section 18.1 Fitness Space. Landlord shall construct or install a fitness room complete with showers and lockers in a certain space (the "Fitness Space") of approximately 2,000 square feet of Rentable Area in a location in the Building to be specified in the Base Building Plans in accordance with the Preliminary Plans and the Fitness Plan to be prepared by Landlord in accordance with the Preliminary Plans and approved by Tenant. The initial cost of constructing the Fitness Space in accordance with the Preliminary Plans and the Fitness Space Plan to be prepared by Landlord consistent with the Preliminary Plans and approved by Tenant shall be included as part of the Base Building; provided, Tenant shall be solely responsible for installing exercise equipment therein and managing the Fitness Space. The Fitness Space shall be included in the calculation of the number of square feet of Rentable Area in the Premises. In addition, and notwithstanding any contrary provision herein, all costs incurred by Landlord in connection with such Fitness Space including, without limitation, redecorating, janitorial, repairs and maintenance of fixtures and equipment and utilities, shall be included as part of Operating Costs. Such fitness equipment shall be owned by Tenant and may be removed by Tenant upon expiration or termination of the Lease. Tenant may discontinue operation of the Fitness Space at any time and use the Fitness Space for other purposes permitted hereby, but on the expiration or termination of this Lease, the Fitness Space and all the equipment installed therein by Landlord as part of the Base Building (or replacements thereto) shall be surrendered to Landlord in accordance with Section 12.1.

ARTICLE 19
TENANT'S SIGNAGE

Tenant shall have the right to purchase, install or replace, at Tenant's sole cost and expense (except as set forth below with respect to the "Signage Allowance"), certain signage (the "Building Signage") that depicts the trade name and/or mark of the business being conducted and that shall be mounted in a location approved by Landlord (which approval will not be unreasonably withheld) on the exterior of the Building; provided, Tenant's right to install and replace the Building Signage shall be subject to the following terms and conditions:

- (a) Tenant shall, at its sole cost, obtain and maintain in full force and effect all requisite governmental permits and approvals for the installation, maintenance and replacement of such Building Signage (collectively, the "Municipal Approvals"), and acknowledges that Landlord does not represent that any such approvals shall be forthcoming.
- (b) Prior to the installation and replacement of any such Building Signage, Tenant shall deliver notice to Landlord (the "Signage Notice") certifying that all requisite governmental approvals have been obtained and including plans and specifications, that designate the design, size, color, composition, method of illumination, if any, and method and timing of installation of the Building Signage.

- (c) The plans and specifications included in the Signage Notice shall be subject to Landlord's written consent, which consent shall not be unreasonably withheld.

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- (d) The design, construction, installation and operation of all such Building Signage (and all necessary structural supports) shall be performed by Tenant at Tenant's sole cost and expense and in accordance with the plans and specifications that have been approved by Landlord in writing.
- (e) Tenant shall, at its sole cost, maintain all such Building Signage and associated wiring in a first class condition and shall perform all repairs and replacement reasonably necessary to maintain compliance with such standard.
- (f) Tenant shall, at its sole cost, repair any damage to the Building caused by the installation, maintenance, operation or replacement of such Building Signage, including, with limitation, water leaks or other problems occasioned by any penetration of the exterior shell of the Building, all at Tenant's sole cost and expense.
- (g) Tenant shall, at its sole cost, obtain and keep in full force and effect any and all licenses, permits and other governmental approvals which are or may become required for the operation and use of such Building Signage.
- (h) Tenant shall assume all risk of any damage to such Building Signage.
- (i) Upon the expiration or earlier termination of the Lease, Tenant shall remove the Building Signage and associated wiring and hardware visible from the inside or outside of the Building, return the Building to the condition that existed prior to the installation thereof and repair and restore any damage resulting from, or remaining after, such removal, all at Tenant's sole cost and expense, and all in accordance with all applicable Laws, including, but not limited to, all applicable Laws regarding the removal of electrical wiring.
- (j) Landlord shall provide to Tenant an allowance (the "Signage Allowance") in an amount of \$15,000.00 to fund the cost of the Building Signage and Tenant's building directory signage. Payment of the Signage Allowance shall be made by Landlord to Tenant within thirty (30) days of the satisfaction of the following conditions: (i) the Rent Commencement Date has occurred, Tenant is in occupancy of the Premises in the routine conduct of its business and no event of default exists with respect to Tenant's obligation to pay Rent; and (ii) Landlord has received full lien waivers from all contractors supplying labor and materials in connection with the Building Signage.
- (k) Notwithstanding the foregoing, Tenant's right to maintain the Building Signage shall terminate and be of no further force and effect upon the earlier to occur of: (i) the expiration or termination of this Lease;

(ii) the termination of Tenant's right to possession of the Premises; or (iii) the date Tenant conducts its business in a manner that Landlord reasonably deems to be disreputable. In the event of the termination of Tenant's right to maintain such signage, Tenant shall remove the signage that is the subject of such termination, return the portion of the Building to which the signage was affixed to the condition that existed prior to the installation thereof and repair and restore any damage resulting from, or remaining after, such removal, all at Tenant's sole cost and expense.

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- (1) Landlord shall not permit the installation of any signage on the exterior of the building other than the foregoing Tenant Building Signage; provided, this restriction shall not be applicable with respect to any signage identifying the name of the Building or with respect to any monument or similar ground level signage and, provided further, this restriction shall be deemed terminated upon any termination of Tenant's right to maintain the Tenant Signage.

Landlord shall not place, or permit to be placed, any signage on the exterior of the Building identifying any person or business other than Tenant, provided that Landlord shall be permitted to place signs on the exterior of the Building relating to the Parking Facility, traffic movement, building address or other informational signage.

ARTICLE 20 ARBITRATION

Section 20.1 Arbitration.

- (a) Landlord and Tenant agree that Arbitration will be used to resolve any dispute with respect to the following:
- (i) any disputes arising with respect to Landlord's and Tenant's obligations under Article 3 or the Work Letter;
 - (ii) Any disputes relating to the determination of Operating Costs allocable to the Premises, subject to the limitations in Section 4.3;
 - (iii) any disputes relating to the granting, withholding or delay of any consent or approval which is specifically provided to be not unreasonably withheld;
 - (iv) any disputes regarding the proper allocation of Taxes to Tenant in accordance with Section 4.7 hereof; and
 - (v) any other provision in this Lease which specifically provides for Arbitration.
- (b) When any issue is to be resolved by Arbitration, Landlord and Tenant shall initially meet and attempt to agree upon the matter in question. If they have been unable to so agree within the time period specified

as to such matter under this Lease, or, if no such time period is specified, within thirty (30) days, then, at the request of either party the matter will be determined by an arbitration board as provided in this Article 20. Except as provided in subsection (d) below, such arbitration will be conducted in Boston in accordance with the Accelerated Commercial Arbitration Rules of the American Arbitration Association. Within thirty (30) days after their appointment, the arbitrators so chosen shall hold a hearing at which each party may submit

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evidence, be heard and cross-examine witnesses, with each party having at least ten (10) days' advance notice of the hearing. The decision of the arbitrators will be final, binding and non-appealable and judgment thereupon may be rendered and enforced in any court having jurisdiction thereof. Except where specifically provided otherwise in this Lease, the arbitrator will be instructed to award costs to the prevailing party; otherwise each party shall bear its own expenses in connection with the Arbitration and the costs of its arbitrator, and the cost of the third arbitrator shall be shared equally by Landlord and Tenant. The costs of all counsel, experts and other representatives that are retained by a party will be paid by such party.

- (c) The arbitration board shall consist of three (3) reputable real estate professionals with experience with first-class high rise office buildings in the Boston, Massachusetts metropolitan area. Each party shall appoint one (1) arbitrator who shall have no material financial or business interest in common with the party making the selection and shall not have been employed by such party for a period of three (3) years prior to the date of selection. If the first two arbitrators are unable to agree on a third arbitrator within thirty (30) days after the appointment of the second arbitrator, or if either party refuses or neglects to appoint an arbitrator as herein provided within twenty (20) days after the appointment of the first arbitrator, then such third arbitrator or such second arbitrator whose appointment was not made as aforesaid shall be appointed by the American Arbitration Association.
- (d) The decision of any two (2) of the three (3) arbitrators will control; if neither of the arbitrators selected by Landlord or Tenant agree with each other or with the independent arbitrator, the decision of the independent arbitrator will control; and such decision will be made and delivered to Landlord and Tenant by such arbitrators not later than the thirtieth (30th) day following the hearing provided for in subsection (a) above.

ARTICLE 21 MISCELLANEOUS

Section 21.1 Personal Property Taxes. Tenant shall be liable for all taxes levied or assessed against personal property, furniture or fixtures owned by Tenant or placed by Tenant on, in or at the Premises or otherwise arising out

of the use or occupancy of the Premises. If any such taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and if Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture or fixtures placed by Tenant on, in or at the Premises, and Landlord elects to pay the taxes based on such increase, Tenant shall pay to Landlord upon demand that portion of such taxes.

Section 21.2 Notices. All bills, statements, notices or communications, including changes of address of either party, which either party may desire or be required to give to the other shall be deemed sufficiently given or rendered if in writing and either delivered to the other party personally, sent by registered or certified mail, return receipt requested, or sent prepaid by nationally recognized air courier service, addressed to either party at the Notice Address designated in Section 1.1. The

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time of rendition thereof or the giving of such notice or communication shall be deemed to be the time when the same is personally delivered to the other party, deposited in the mail, or delivered to the other party by a national air courier service as herein provided. Any notice or the return of any access cards, keys, or otherwise to be given from Tenant to Landlord must be delivered in the manner set forth above.

Section 21.3 Interpretation. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. This Lease is intended to be construed in accordance with the law of the Commonwealth of Massachusetts. If this Lease is ever construed by a court of law, such court shall not construe this Lease or any provision hereof against any party as drafter.

Section 21.4 Successors and Assigns. The terms, provisions and covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon, the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided. Landlord shall have the right to assign any of its rights and obligations under this Lease. The term "Landlord" shall mean only the owner, from time to time, of fee title to the Premises, and in the event of the transfer by such owner of its interest in the Premises, Landlord's grantee or Landlord's successor shall, upon such transfer, become "Landlord" hereunder, thereby freeing and relieving the grantor or assignor of all covenants and obligations of "Landlord" hereunder thereafter accruing, but such covenants and obligations shall be binding during the term of this Lease upon each new owner for the duration of such owner's ownership. The term "Tenant" shall include Renaissance Worldwide, Inc. and its respective permitted successors and assigns. Tenant agrees to furnish promptly upon demand, a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of Tenant to enter into this Lease. Nothing herein contained shall give any other tenant in the Building any enforceable rights either against Landlord or Tenant as a result of the covenants and obligations of either party set forth herein.

Section 21.5 Captions. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope of the intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

Section 21.6 Amendments. This Lease constitutes the entire agreement of the parties with respect to its subject matter and may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

Section 21.7 Survival. All obligations of Landlord and Tenant hereunder not fully performed as of the expiration or earlier termination of the Lease Term shall survive the expiration or earlier termination of the Term, including, without limitation, all payment obligations with respect to Operating Costs and all obligations concerning the condition of the Premises. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the amount, as estimated by Landlord, necessary (i) to repair and restore the Premises as provided herein; and (ii) to discharge Tenant's obligation for Operating Costs or other amounts due Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being held liable for any additional costs upon demand by Landlord, or with any excess to be returned to Tenant after

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all such obligations have been determined and satisfied. Any security deposit held by Landlord shall be credited against the amount payable by Tenant under this subparagraph.

Section 21.8 Severability. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future Laws effective during the Term, then, and in that event, it is the intention of the parties hereto that the remainder of this Lease shall be not affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms of such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

Section 21.9 Brokerage. Landlord hereby warrants to Tenant that, except for The Beal Companies ("Landlord's Broker"), no agent, broker or finder has been retained by Landlord to represent Landlord in this transaction. Tenant hereby warrants to Landlord that, except for Lynch, Walsh & Partners ("Tenant's Broker"), no agent, broker or finder has been retained by Tenant to represent Tenant in this transaction. Landlord shall be solely responsible for paying the entirety of all commissions, fees, or compensation due to Landlord's Broker in connection with this transaction. In addition, Landlord shall pay a fee to Tenant's Broker in a total amount equal to the product of \$4.00 multiplied by the total number of square feet of Rentable Area in the Premises, which fee shall be payable as follows and subject to the following conditions: (i) fifty percent (50%) of such fee shall be payable upon the full execution and delivery of the Lease; and (ii) fifty percent (50%) of such fee shall be payable upon the Tenant's occupancy of any material portion of the Premises for the routine conduct of its business and Landlord's receipt of the first installment of Base Rent due hereunder.

Section 21.10 Record Memorandum of Lease. This lease will not be recorded but a notice of lease in form reasonably satisfactory to both parties will be recorded to be prepared by Tenant's attorney. After the occurrence of the Commencement Date, the parties will execute and acknowledge a recordable memorandum setting forth a reference to this Lease, the parties' names, the legal description of the Premises, the date on which the Commencement Date occurred, the date on which the Expiration Date is scheduled to occur and a short summary of Tenant's rights with respect to the Extension Term.

[remainder of page intentionally left blank]

THIS LEASE AGREEMENT is executed and delivered as of the day and year first above written as a sealed instrument.

TENANT: LANDLORD:
RENAISSANCE WORLDWIDE, INC. WALTHAM 60/10 LLC

By: /s/

Its: Associate Counsel

By: /s/ William K. Hoeg

William K. Hoeg, its Chief Manager

and

By: /s/ Michael A. Manzo

Michael A. Manzo, its Manager

EXHIBIT A-1

Legal Description of Site
on which Building is to be constructed

A certain parcel of land situated in the City of Waltham, Middlesex County, Massachusetts bounded and described as follows:

Beginning at a point in the easterly line of Second Avenue, said point being 507.27 feet southerly along the easterly line of Second Avenue from its intersection with the southwesterly line of Winter Street;

Thence turning and running S 78/degree/-31'-50" E, a distance of 219.33 feet to a point;

Thence turning and running N 11/degree/-28'-10" E, a distance of 15.00 feet to a point;

Thence turning and running S 78/degree/-31'-50" E, a distance of 51.00 feet

to a point;

Thence turning and running N 11/degree/-28'-10" E, a distance of 7.00 feet to a point;

Thence turning and running S 78/degree/-31'-50" E, a distance of 28.00 feet to a point;

Thence turning and running S 11/degree/-28'-10" W, a distance of 7.00 feet to a point;

Thence turning and running S 78/degree/-31'-50" E, a distance of 30.87 feet to a point in the southwesterly line of State Highway Route 128, the previous seven (7) courses by Phase I;

Thence turning and running S 32/degree/-32'-28" E, a distance of 130.81 feet to a point;

Thence turning and running S 02/degree/-14'-43" W, a distance of 116.65 feet to a point;

Thence turning and running by a curve to the right having a radius of 4,130.00 feet, a distance of 42.97 feet to a point, the previous three (3) courses being along the southwesterly line of State Highway Route 128;

Thence turning and running by land now or formerly of Trustees of Real Estate Investment Trust of America, N 78/degree/-31'-50" W, a distance of 440.05 feet to a point in the easterly line of Second Avenue;

Thence turning and running along the easterly line of Second Avenue, N 11/degree/-28'-10" W, a distance of 237.17 feet to the point of beginning.

EXHIBIT A-2

Legal Description of Ground Lease Parcel

40 SECOND AVENUE, WALTHAM, MA

A certain parcel of land situated in the City of Waltham, Middlesex County, Massachusetts, bounded and described as follows:

Beginning at a point in the easterly line of Second Avenue, said point being 507.27 feet southerly along the easterly line of Second Avenue from its intersection with the southwesterly line of Winter Street;

Thence turning and running along the easterly line of Second Avenue, N 11/degrees/-28'-10" E, a distance of 121.49 feet to a point;

Thence turning and running northeasterly by a curve to the right having a radius of 25.00 feet, a distance of 39.27 feet to a point;

Thence turning and running S 78/degrees/-31'-50" E, a distance of 11.33 feet to a point;

Thence turning and running by a curve to the right having a radius of 30.00 feet, a distance of 27.40 feet to a point;

Thence turning and running by a curve to the left having a radius of 60.00 feet, a distance of 181.67 feet to a point in the southwesterly line of State Highway Route 128, the previous four (4) courses being along the southerly line of Winter Place;

Thence turning and running southeasterly along the southwesterly line of State Highway Route 128 by a curve to the left having a radius of 312.00 feet, a distance of 70.05 feet to a point;

Thence turning and running along the southwesterly line of State Highway Route 128, S 32/degrees/-32'-28" E, a distance of 183.72 feet to a point;

Thence turning and running N 78/degrees/-31'-50" W, a distance of 30.87 feet to a point;

Thence turning and running N 11/degrees/-28'-10" S, a distance of 7.00 feet to a point;

Thence turning and running N 78/degrees/-11'-50" W, a distance of 28.00 feet to a point;

Thence turning and running S 11/degrees/-28'-10" W, a distance of 7.00 feet to a point;

Thence turning and running N 78/degrees/-31'-50" W, a distance of 51.00 feet to a point;

Thence turning and running S 11/degrees/-28'-10" W, a distance of 15.00 feet to a point;

Thence turning and running N 78/degrees/-11'-50" W, a distance of 219.33 feet to the point of beginning, the previous seven (7) courses by Phase IIA.

EXHIBIT B

Preliminary Plans and Specifications for Base Building

The Base Building Plans contemplate the construction of the Base Building of approximately 200,000 square feet of Rentable Area, as described in the Schematic Plans and Outline Specifications contained in a letter from Landlord's Representative, Peter B. Nichols, to Tenant's Representative, Duncan Andrews, dated March 12, 1998, as described in the Floor Plate & Background Drawings, Civil/Site Drawings, and the Base Building Design Documents provided by letter from Peter B. Nichols to Duncan Andrews of April 24, 1998, and as further recited below:

1. Structural System:

- (a) A five level, reinforced concrete garage, one partial level below

the level of Second Avenue.

(b) Above the garage, will be a four story, structural steel moment frame office building with lightweight concrete floor system.

(c) Standard office space live load design capacity is 80# psf.

(d) Cafeteria and fitness areas will be 100# psf.

2. Building Enclosure:

(a) Exterior facade is a combination of Exterior Insulated Finish System ("EIFS") and red brick matching the 40 Second Avenue building.

(b) Windows are double-glazed ("low E") window units with thermally broken, aluminum frames.

(c) Roofing is an adhered sheet membrane system

3. Code Compliance:

(a) In full compliance with all applicable governmental rules, regulations and building codes, including but not limited to, ADA, MSBC.

(b) Complying with Massachusetts Access Board requirements every toilet room on tenant floors will have disabled access facilities.

(c) Exception: Private Executive Balconies will not be ADA accessible, as permitted by code.

(d) Corridors will be constructed as necessary to demise the Premises in accordance with requirements under applicable codes for single tenant full floor occupancy.

4. Elevators:

(a) Four geared-traction passenger elevators of 3,500 lb capacity, 400 fpm, will serve parking garage levels P2, P3, P4, P5 and office levels 1,2,3 &4.

(b) Passenger cabs have bi-parting entrance doors, with a \$20,000 premium cab finish allowance over vendor standard (\$5,000 per cab).

(c) One geared-traction freight elevator, 4,500 lbs capacity, 150 fpm, serving parking garage level P2 and office levels 1,2,3 &4.

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5. HVAC System:

(a) Six rooftop heating & cooling air conditioning units serve the tenant spaces, vertically zoned, and one unit serves the atrium (common) area. Each roof-top AC unit is sized to provide /plus minus/25,000 cfm with /plus minus/75 tons cooling capacity. Any combination of the rooftop units can be operated during any 24 hour period to provide full service to tenant areas.

(b) Packaged heat/air conditioning units have double-walled casings, return-air fans and exhaust boxes, filtered outside air intake sections, with remotely-controlled supply fans, vibration-control devices. They have gas fired heating and electrically powered direct exchange cooling sections, with packaged condensing units.

(c) Supply and return air distribution is made via proportionately sized medium pressure trunk lines located in vertical duct shaftways

in the building core area, capped and available for Tenant connection, at the shaft walls at each floor.

(d) Within the Premises and as part of the Leasehold Improvements, tempered air distribution is made on each floor to electrically powered VAV boxes via medium and low pressure ductwork, with requisite fire dampers, diffusers, return air grilles, and automatic temperature control systems.

(e) Design Parameters (Per Energy Code):

- (i) 20 cfm per person at one person per 150 square feet
- (ii) Summer: 75/degrees/F dry bulb at 88/degrees/F dry bulb/74/degrees/F wet bulb outside
- (iii) Winter: 70/degrees/F dry bulb at 0/degrees/F outside

(f) All special requirements for supplemental cooling will be provided by Tenant via independent split systems installed at designated roof locations and distributed to specific floor locations by dedicated shaftways.

(g) Overtime operation is at Tenant option by turning on any combination of rooftop units to serve necessary areas for 24 hour service.

6. Electrical System:

(a) Electric service is provided from main switchboard located in P2 level electrical room. The 2,000 amp switchboard will serve the HVAC equipment and building common area loads, and a 4,000 amp switchboard will serve the Tenant's lighting and power requirements. Tenant can configure for check-metering based on the master meter.

(b) Secondary (480 volt) electrical power distribution is via risers to each floor (electric closet) for Tenant connection and further distribution via 480 / 120 volt transformers, lighting & power panels.

(c) Service to each floor's electric closet is sized to provide 6.5 watts per square foot for Tenant lighting, supplemental AC units and other power requirements. The main switchboard, on the 1st floor, is sized for an additional 2 watts per square foot.

(d) The oil-fired, rooftop mounted, emergency generator for the base building systems is 550 KW capacity, using a 500 gallon storage tank located in the garage, designed for 10 hours of continuous operation, to serve life safety loads, including:

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- (e) Emergency Egress
- (f) Exitways
- (g) Fire Pump Operation
- (h) Fire Alarm System
- (i) One Elevator
- (j) Stair Pressurization
- (k) Atrium Smoke Exhaust

7. Plumbing:

(a) Capped cold water, plugged sanitary and capped vent lines are located in core area vertical wet stacks for connection of Tenant-provided plumbing facilities

- (b) Toilet / Washrooms:
 - (i) To be located within the core area of each floor sized for 1 person per 165 sq. Ft. (50% male / 50% female), equipped with handicapped-accessible water closet & lavatory facilities, ceiling-hung metal toilet partitions, soap and napkin dispensers.
 - (ii) Ceramic Tile Floors and wet walls; other walls painted.
 - (iii) Moisture resistant acoustical tile ceilings (8'-4 Ht).
 - (iv) 3'-0 x 8'-0 Solid Core, Oak Veneer Doors in knock-down metal frames with push-pull hardware
 - (v) Flourescent lighting & GFI electrical outlet
 - (vi) Electric cabinet water heaters

8. Fire Protection:

- (a) Fire protection standpipes are located at each stairwell with 2 1/2" hose valves for fireman's connection.
- (b) Risers are extended, at each floor, to hydraulically-designed sprinkler system at average density of one head per 225 square feet of rentable area.
- (c) Recessed, wall-mounted fire extinguisher cabinets are located at core area on each floor.

9. Ceiling Systems: (toilet rooms and related core areas)

- (a) Acoustical ceilings: 24" x 24" x 5/8" fissured acoustical ceiling tile (similar to Acoustone Tegular Minatone) set in 15/16" exposed metal suspension system, white grid.

10. Gypsum Wallboard System (GWB):

- (a) Ceiling-high ,5/8" gypsum wallboard on 2 1/2" metal stud system (exterior building walls and core walls to be 5/8" gypsum wallboard on 1" furring), taped, spackled and sanded, ready to receive Tenant's application of paint or wall covering materials. Toilet rooms and core-area mechanical equipment rooms and shaftways to be full height insulated partition walls (gypsum wallboard in toilet rooms to be moisture-resistant); elevator shafts to be 2" gypsum core-wall.

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(b) Exterior Windows:

- (i) Paint-grade wood or Plastic Laminate window sills
- (ii) 2 1/2" solid vinyl vertical louver drapes

11. Floor Covering systems:

- (a) In Tenant spaces, concrete floors are scraped, leveled, flash-patched, sealed, ready to accept Tenant floor covering materials.
- (b) In finished floor areas: (elevator lobbies and related core areas)
 - (i) Carpet in a color, texture and pattern to be coordinated with Tenant interior design, based on an installed allowance of \$24.00 per square yard.
 - (ii) 2 1/2" vinyl base (cove or straight) in all finished floor

areas

(c) Ceramic Tile to be installed in Toilet Rooms, based on an installed allowance of \$ 7.50 / sf.

(d) Atrium Floor will have 18" perimeter stone boundary with carpet infill. Allowances are \$40 psf for stone and \$3.50 psf for carpet.

12. Elevator Lobbies:

(a) Full-height gypsum wallboard partitions and core enclosures

(b) 6'0 x 8'0 Solid Core Oak veneer double wood door, knock-down metal frames & lock set hardware systems at each office level.

(c) Atrium Doors to exterior deck are narrow stile aluminum, hinged entry doors, factory painted finish with insulating tempered glass matching the building.

(d) All paint will be polymix

(e) Building Standard carpet and base

(f) Millwork at elevator doors on 5% allowance

(g) Ceilings and walls of GWB (standard)

(h) Lighting and exit signage

(i) Sprinkler heads

(j) HVAC

13. 3,000 sf Cafeteria:

(a) To be constructed by Landlord in accordance with Cafeteria Exhibit attached to this Exhibit B

(b) HVAC exhaust will maintain area in negative pressure

14. 2,000 sf Fitness Center: to be completed by Landlord in accordance

with the Fitness Layout Plan dated _____, 1998, including:

(a) Men's and Women's washroom facilities w/ fiberglass shower enclosures, and day lockers.

(b) Exercise Room; building standard finishes, carpet, acoustical ceiling tile, painted gypsum wallboard.

(c) HVAC exhaust will maintain area in negative pressure

15. Data Communication & Telephone Systems:

(a) Telephone service is provided to street level building telephone room with empty vertical conduit to telephone closet in core area on each floor plus two empty vertical conduits from each telephone closet to roof antenna-placement area.

(b) All data, communication, telephone and related system installation within building are by Tenant.

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16. Site Development:

(a) Trash Compactor/Dumpster; 20 yard capacity

17. Life Safety Systems:

(a) ADA-compliant (visual and auditory) evacuation/fire alarm and instruction systems

18. Emergency Exit Stairways:

(a) For office occupancy under all applicable terms and conditions of the MSBC.

(b) Based on single-tenant, full-floor occupancy

(c) Design occupancy classification: (S2) Parking, (B) Business

(d) Concrete-filled, painted metal pan stairway systems with full-height GWB enclosing walls and self-closing, fire-rated exit doors on each floor, 3' 4" x 8' 0" at office levels, 3' 4" x 7' 0" at garage levels, including:

(i) Exitway signage and emergency lighting fixtures

(ii) Painted metal stairs and handrails

(iii) Painted interior enclosure walls

19. Signage:

(a) Allowance of \$15,000 for exterior building sign and interior building directory.

(b) Designed to mutual satisfaction of Tenant and Landlord.

(c) In conformance with City of Waltham dimensional bylaws

20. Security:

(a) Programmable Card Access to garage, exterior entry/exit doors, parking garage elevator lobbies, elevator cab operations to be designed in close coordination with Tenant's security consultant at a level of service consistent with systems typically found in first class office buildings on Route 128, including:

(i) Access (security card) control system at 10 exterior building access doors to be specified.

(ii) Landlord will incur the cost of the system as part of the Base Building or, at Landlord's option, provide an allowance therefore in an amount not to exceed \$30,000.

21. Parking:

(a) Parking for the building is provided at a ratio of 3.3 per thousand square feet of rentable square feet (not to exceed 660 spaces) in a facility that is shared with occupants of 40 Second Avenue. Landlord shall use reasonable efforts to segregate parking for 40 Second Avenue by installing informational or

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directional signage (but Landlord shall have no duty to construct or install separate entrances or barricades, or to police or enforce any restrictions in such signage).

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WALTHAM CORPORATE CENTER

Floor Plate and Background Drawings:

Plans A-106 through A-109; 4/23/98 (Before full height freight elevator)
Freight Elevator Configuration Sketches: 4-23-98 (8 1/2" x 11")

Civil/Site Design Documents:

Request for Determination of Applicability Set; Nov. 3, 1997, Rev. Nov. 13, 1997, Plans C-100 through C-102 and C-200 through C-202.
Civil/Site; Issued for Phase I Bids Set; Dec. 29, 1997, Rev. Apr. 13, 1998
Plans C-100 through C-104

Detailed Base Building Design Documents

GMP Bid Set: 4-22-98 (unless otherwise noted)

COVER DRAWING LIST, CODE ANALYSIS, ABBREVIATIONS, NOTES (A-000)

SITE

C-100 SITE PREPARATION PLAN; Dec. 29, 1997, Rev. 4-13-98
C-101 UNDERGROUND UTILITIES PLAN, April 13, 1998
C-102 GRADING & DRAINAGE PLAN, April 13, 1998
C-103 SITE UTILITIES DETAILS, April 13, 1998
C-104 SITE PREP. DETAILS, April 13, 1998
TOPOGRAPHIC PLAN, Nov. 21, 1997

ARCHITECTURAL

AD-101 LEVEL P-2 DEMOLITION PLAN
A-101 LEVEL P-1 PARKING PLAN
A-102 LEVEL P-2 PARKING PLAN
A-103 LEVEL P-3 PARKING PLAN
A-104 LEVEL P-4 PARKING PLAN
A-105 LEVEL P-5 PLAN
A-106 LEVEL L-1 OFFICE PLAN
A-107 LEVEL L-2 OFFICE PLAN
A-108 LEVEL L-3 OFFICE PLAN
A-109 LEVEL L-4 OFFICE PLAN
A-110 ROOF PLAN
A-121 REFLECTED CEILING PLAN/LEVEL P-1
A-122 REFLECTED CEILING PLAN/LEVEL P-2
A-123 REFLECTED CEILING PLAN/LEVEL P-3
A-124 REFLECTED CEILING PLAN/LEVEL P-4
A-125 REFLECTED CEILING PLAN/LEVEL P-5
A-200 EXTERIOR ELEVATIONS
A-201 EXTERIOR ELEVATIONS
A-202 EXTERIOR ELEVATIONS
A-203 EXTERIOR ELEVATIONS

A-300	WALL SECTIONS
A-301	WALL SECTIONS
A-400	ENLARGED CORE PLANS
A-401	ENLARGED CORE PLANS
A-402	ENLARGED CORE PLANS
A-403	ENLARGED CORE PLANS
A-404	ENLARGED CORE PLANS
A-405	EAST FACADE PLANS
A-406	ENLARGED ATRIUM PLAN
A-441	STAIR PLANS
A-442	STAIR PLAN
A-444	STAIR SECTION/PLAN
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CAFETERIA EXHIBIT

FOOD PREPARATION CAPABILITIES

- A. A 1,200 square foot kitchen and servery utilizing disposable plates and utensils, sufficient for the following types of food to be served:
- . Hot dogs
 - . Hamburgers (char grilled)
 - . French fries
 - . Salads
 - . Sandwiches (with a deli case)
 - . Two (2) hot entree with a four bay serving line
 - . Desserts with a refrigerated section
 - . Beverages (hot and cold)
 - . Soup with two tureens
- B. Tables to be 36" x 36" plastic laminate top with wood edge. On metal "X" base. Mfg -Howe or equal
- C. Chairs to be stacking, armless, bentwood or upholstered seat with sled base. Mfg - Thonet or equal.
- D. Kitchen to be equipped as per attached 6/25/98 equipment list of Aram J. Pothier Group, Incorporated or equivalent.

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EXHIBIT C

Work Letter

This Work Letter is attached to and made are part of a Lease Agreement dated as of June 30, 1998 (the "Lease"), by and between WALTHAM 60/10 LLC

("Landlord") and RENAISSANCE WORLDWIDE, INC. ("Tenant").

1. Definitions. All capitalized terms used in this Work Letter without

definition will have the meanings set forth for such terms in the Lease.

2. Completion Schedule. Attached hereto as Schedule No. 1 is a schedule

(the "Work Schedule") setting forth a timetable for the planning and completion of the installation of the Leasehold Improvements to be constructed in the Premises and the targeted Commencement Date for the Term of the Lease. The Work Schedule is intended to set forth each of the various items of work to be done by or approval to be given by Landlord and Tenant in connection with the completion of the Leasehold Improvements. Such Work Schedule will be the basis for completing the Tenant Improvement work.

3. Leasehold Improvements. The term "Leasehold Improvements" means all

leasehold improvements, installations and other work, with the exception of the Base Building, to be completed in the Premises by Landlord for Tenant pursuant to the Leasehold Improvements Plans described in paragraph 5 below, including, but not limited to, partitioning, doors, ceilings, floor coverings, wall finishes, electrical (including lighting, switching, outlets, etc.), plumbing, heating, ventilating and air conditioning and fire protection.

4. Program Information; Leasehold Improvements Design Documents. Landlord

has delivered to Tenant the Preliminary Plans, Floor Plate and Background Drawings, the Civil/Site Design Documents, the Detailed Base Building Design Documents, the Base Building Cafeteria, Fitness and Patio Layout Plan, the Base Building Construction Documents and the other documents for the Base Building described on Exhibit B attached to the Lease, for use by

Tenant in preparation of the design development documents for the Leasehold Improvements, which will consist of a space layout, and final and complete plans, details and other documents which fix dimensions and describe the size and character of the Leasehold Improvements to be constructed in the Premises, including all architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate to enable Landlord to prepare the Leasehold Improvement Plans and are sufficient to obtain preliminary pricing from subcontractors (the "Leasehold Improvements Design Documents"). Tenant will cause the Leasehold Improvements architect to prepare and deliver the Leasehold Improvements Design Documents consistent with the Preliminary Plans and the Base Building Plans to Landlord on or before August 14, 1998, for Landlord's review and approval. Each day after August 14, 1998 and to

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and including September 13, 1998 that Tenant has not delivered the Leasehold Improvements Design Documents to Landlord will be a day of Permitted Delay, but not a day of Tenant Delay. Each day after September

13, 1998 and until Tenant has delivered the Leasehold Improvements Design Documents to Landlord will be a day of Tenant's Delay. Within fifteen business days after receipt of the proposed Leasehold Improvements Design Documents, Landlord will either approve the same in writing or notify Tenant in writing of how the proposed Leasehold Improvements Design Documents is inconsistent with the Base Building Plans or the Preliminary Plans and how the Leasehold Improvements Design Documents must be changed in order to make it consistent with the Base Building Plans and the Preliminary Plans. Each day following the 15/th/ business day after the proposed Leasehold Improvements Design Documents is submitted to Landlord until Landlord approves it or delivers such notice of objections will be a day of Landlord's delay. Within fifteen business days after receipt of Landlord's notice of objections, Tenant will cause the Leasehold Improvements architect to prepare a revised Leasehold Improvements Design Documents according to such notice and submit the revised Leasehold Improvements Design Documents to Landlord . Each day after such date until Tenant has delivered the revised Leasehold Improvements Design Documents to Landlord will be a day of Tenant's Delay. Upon submittal to Landlord of the revised Leasehold Improvements Design Documents, and upon submittal of any further revisions, the procedures described above will be repeated until the Leasehold Improvements Design Documents is approved by Landlord.

5. Leasehold Improvements Plans. Within 60 days after the Leasehold

Improvements Design Documents have been approved by Landlord, Tenant will cause the Leasehold Improvements architect to prepare construction plans and specifications for the Leasehold Improvements based on the approved Leasehold Improvements Design Documents (the "Leasehold Improvements Plans") and submit same to Landlord for review and approval pursuant to this paragraph. Within five business days after receipt of the proposed Leasehold Improvements Plans, Landlord will either approve the same in writing or notify Tenant in writing of how the proposed Leasehold Improvements Plans are inconsistent with the Leasehold Improvements Design Documents and how the Leasehold Improvements Plans must be changed in order to make them consistent with the Leasehold Improvements Design Documents. If Landlord fails to approve or deliver its objections to the proposed Leasehold Improvements Plans within five business days after delivery by Tenant, Landlord will be deemed to have approved the Tenant Improvements Plans. After receipt of Landlord's notice of objections, Tenant will cause the Leasehold Improvements architect to prepare revised Leasehold Improvements Plans according to such notice and submit the revised Leasehold Improvements Plans to Landlord. Upon submittal to Landlord of the revised Leasehold Improvements Plans and upon submittal of any further revisions, the procedures described above will be repeated until the Leasehold Improvements Plans are approved by Landlord. After final approval (or deemed approval) by Landlord and Tenant, all further changes to the Leasehold Improvements Plans may be made in accordance with Section 3.8 of the Lease. Tenant will not be charged any fee by Landlord for Landlord's review of the

Leasehold Improvements Design Documents or the Leasehold Improvements (it being acknowledged that the fees of the Leasehold Improvements architect

shall be included as part of Tenant's Cost).

6. Tenant's Cost Proposal. Within 15 business days after the approval of

the Leasehold Improvements Plans by both Landlord and Tenant, Landlord will provide to Tenant the names of experienced, qualified and reputable subcontractors and suppliers to whom Landlord or Landlord's general contractor will submit requests for bids to perform all or a portion of the Leasehold Improvements, as subcontractors to ADP Marshall Inc. Tenant shall submit a list of any additional experienced, qualified and reputable subcontractors and suppliers who are union contractors and to whom Tenant wants bid packages sent. If Tenant fails to deliver such list of subcontractors or suppliers within the fifth business day after delivery of Landlord's list of proposed contractors and subcontractors, Tenant shall be deemed to have approved Landlord's list. Within thirty days after receipt by Landlord of Tenant's list of additional subcontractors, Landlord will obtain bids for the Leasehold Improvements and Landlord, Tenant and Landlord's general contractor shall meet together to review all bids submitted and to select the best reasonable price for the Leasehold Improvements. On the basis of such review, within 10 days after the review by Landlord and Tenant of the bids, Landlord shall (i) prepare a proposed budget for all items to be included in Tenant's Cost ("Tenant's Cost Proposal"); and (ii) submit a written breakdown of all bids selected and Tenant's Cost Proposal to Tenant for Tenant's review and approval. Tenant, at Tenant's option, may either approve Tenant's Cost proposal in writing or elect to eliminate or revise one or more items of Leasehold Improvements shown on the Leasehold Improvements Plans and then approve in writing the modified Tenant's Cost Proposal (based on the revised Leasehold Improvements Plans). Tenant's modifications may include, without limitation, the selection of another subcontractor (one of the bidders). If Tenant fails to approve or deliver its objection to the Tenant's Cost Proposal within the 5/th/ business day after delivery by Landlord, Tenant shall be deemed to have approved Tenant's Cost Proposal.

7. Construction of Leasehold Improvements. After the Leasehold

Improvements Plans have been prepared and approved and Tenant has approved Tenant's Cost Proposal, Landlord will engage the general contractor to obtain all applicable building permits and cause the Leasehold Improvements to be constructed or installed in the Base Building in a good and workmanlike manner and according to the Leasehold Improvements Plans and all applicable Laws. Landlord will require that such contractor use commercially reasonable efforts to secure substantial completion of the work in accordance with Work Schedule. The cost of such work will be paid as provided in Paragraph 8 hereof.

8. Payment of Cost of the Leasehold Improvements.

(a) Landlord hereby grants to Tenant an allowance (the "Leasehold Improvements Allowance") of \$29.00 per square foot of Rentable Area of the Premises, or, subject to adjustment pursuant to Section 3.10 of the Lease, a total of \$5,800,000. Such Leasehold Improvements Allowance may be used for items including but not limited to the following:

- (i) Payment of the cost of preparing the Leasehold Improvements Design Documents and the Leasehold Improvements Plans.
- (ii) The payment of plan check, permit, inspection and license fees and cost relating to construction of the Leasehold Improvements.
- (iii) Construction of the Leasehold Improvements in their entirety, including, without limitation, the following:
 - (1) Installation within the Premises of all partitioning, doors, floor coverings, ceilings, wall coverings and painting, mill-work and similar items.
 - (2) All electrical wiring, lighting fixtures, outlet switches, and other electrical work to be installed within the Premises.
 - (3) The furnishing and installation of all duct work, terminal boxes, diffusers and accessories required for the completion of the heating, ventilation and air condition systems within the Premises.
 - (4) Any additional Tenant requirements including, but not limited to odor control, special heating, ventilation and air conditioning, noise or other special systems.
 - (5) All plumbing, fixtures, pipes and accessories to be installed within the Premises.
 - (6) Testing and inspection costs.

Except as otherwise set forth in this Work Letter, the Leasehold Improvements Allowance will be disbursed by Landlord and applied as payment toward the installation of all Leasehold Improvements and costs of planning, design and miscellaneous fees associated therewith.

(b) Tenant will be responsible for payment of the amount, if any, by which Tenant's Cost exceeds the Leasehold Improvements Allowance ("Tenant's Excess Cost") which amount shall be applied to the Leasehold Improvements cost before payment of any portion of the Leasehold Improvements Allowance. Tenant will pay the amount of Tenant's Excess Cost to Landlord in monthly progress payments due within five business days after receipt by Tenant of Landlord's invoice therefor, accompanied by reasonable backup

such as copies of an itemized draw request from Landlord's general contractor and a statement of Tenant's architect or other evidence

reasonably satisfactory to Tenant that the work reflected on the submitted invoices has been completed and the materials reflected on the submitted invoices have been delivered to the Premises. Each payment by Tenant will be in the amount of Landlord's invoice, less the retainage, if any, in the Landlord's contract with the general contractor with respect to such work. Final payment of such retainage will be due within 30 days after the occurrence of the Commencement Date. Upon the payment or retainage by Tenant of the entirety of the Tenant's Excess Cost in accordance with the foregoing provisions of this subparagraph, Landlord shall thereafter apply the Landlord Improvements Allowance to Tenant's Costs as the same become due.

(c) In the event that after the Leasehold Improvements Plans have been prepared and Tenant's Cost Proposal has been approved by Tenant, Tenant requires any change, addition or alteration in the approved Leasehold Improvements Plans, Tenant will prepare plans and specifications with respect to such change, addition or alteration and submit the plans to Landlord for approval. Within ten business days after the submission of the plans and specifications, Landlord will prepare and deliver to Tenant a Change Order in accordance with the provisions of Section 3.8 of the Lease.

(d) In the event that the cost of the Leasehold Improvements increases over that set forth in Tenant's Cost Proposal due to the requirements of any governmental agency, Tenant will pay Landlord the amount of any such increase in the manner set forth in Paragraph 8(b) above.

(e) Any unused portion of the Leasehold Improvements Allowance will not be paid in cash to Tenant or by a credit against Rent, but shall remain available to Tenant, without interest, to reimburse Tenant for the cost of Alterations to the Premises during the Term.

(f) Landlord will bear the following costs relating to the Leasehold Improvements and the Base Building work and none other, except as provided herein

- (i) Design and construction of the Base Building.
- (ii) Costs associated with the use of the freight elevator during construction of the Leasehold Improvements and subsequent move-in.
- (iii) Premiums or other incremental portion thereof for insurance policies procured by Landlord and applicable to periods of time prior to the Commencement Date.

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- (iv) Costs associated with bonding of any subcontractors and/or vendors if imposed by Landlord or its agents.
- (v) Electric consumption during construction of the Leasehold Improvements.

9. Accounting Records.

(a) Landlord will keep full and detailed accounts and will exercise such controls as may be necessary for the proper financial management of the Leasehold Improvements. Landlord's accounting and control systems will be satisfactory to the Tenant. Tenant and Tenant's Representative will be afforded access to Landlord's records, books, correspondence, instructions, drawings, receipts, invoices, agreements, vouchers and other data relating to the Leasehold Improvements for the purpose of reviewing, auditing and/or copying such material when reasonably requested by Tenant.

(b) Landlord will require the selected general contractor to, not less than on a monthly basis, deliver to the Tenant a statement showing in complete detail (itemized by contractor, subcontractor, vendor, consultants, etc.) all monies paid out or costs incurred by the Landlord in connection with the Leasehold Improvements, as well as all executed Change Orders, during the period commencing on the first day of each month preceding the current month and ending on the last day of said proceeding month, together with such supporting documentation as may be reasonably required by Tenant.

10. Substantial Completion and Rent Commencement Date. The commencement of

the Term of the Lease and Tenant's obligation for the payment of Rent under the Lease will commence as provided in the Lease.

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Schedule No. 1

Work Schedule

Responsible Party	Abbreviations:
-----	-----
"T" = Tenant	"TI" Leasehold Improvements
"LL" = Landlord	"BB" Base Building

<TABLE>

<CAPTION>

Plan Description	Responsible Party	Date Due	Status
<S> Floor Plate and Background Drawings to T	<C> LL	<C> 4/24/98	<C> Issued and approved by Tenant
Civil/Site Design Documents to Tenant	LL	4/24/98	Issued and approved by Tenant

Detailed BB Design Documents to Tenant	LL	4/24/98	Issued and approved by Tenant
BB Cafeteria, Fitness and Patio layout plan to T	LL	5/22/98	Issued and approved by Tenant
Complete BB Construction Documents	LL	6/22/98	Issued by Landlord; not approved by Tenant
BB Materials Presentation to T	LL	7/15/98	
Leasehold Improvements Design Documents to LL	T	8/14/98	
BB Interior Finishes Presentation to T	LL	8/15/98	
Leasehold Improvement Plans to LL	T	60 days after approval by LL of Leasehold Improvement Design Documents	

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<TABLE>

<CAPTION>

Plan Description	Responsible Party	Date Due	Status
<S> Subcontractor List to T	<C> LL	<C> 15 business days after approval by LL of Leasehold Improvement Plans	<C>
Receipt of bids by LL for Leasehold Improvements and Meeting with T and GC	LL	30 days after delivery by T of additional subcontractors, if any	
Tenant's Cost Proposal to T	LL	10 days after review by LL and T of bids	
Commence Tenant Improvement Construction	LL	30 days after acceptance of bids by LL	

Punchlist Completed	LL	6/18/99
Projected Lease Commencement Date	LL	6/30/99

EXHIBIT D

JANITORIAL STANDARDS

GENERAL CLEANING SERVICES

NIGHTLY OFFICES (Monday through Friday, inclusive, Holidays excepted)

1. Empty and damp clean ashtrays
2. Empty waste baskets and remove trash (with the exception of those waste receptacles and containers used for medical waste, which shall be emptied and the trash disposed of by Tenant)
3. Vacuum all carpeting
4. Spot clean doors, walls and light switches, entrance door and glass

WEEKLY OFFICES

1. Dust and wipe clean all office furniture, woodwork and basewalls
2. Vacuum all carpet edges

MONTHLY OFFICES

1. Dust all window blinds
2. Dust tops of all files
3. Dust all ceiling diffusers

NIGHTLY LAVATORIES

1. Wash toilet seats, bowls, urinals and basins with approved germicidal detergent
2. Sweep and wash floor with approved germicidal detergent
3. Clean all mirrors, shelves and bright work etc. including flushometer and receptacles
4. Spot clean doors, partitions and wall
5. Dust window sills
6. Remove wastepapers

7. Refill tissue holders, soap dispensers and towel dispensers

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*SUPPLIES TO BE FURNISHED BY OWNER

MONTHLY LAVATORIES

1. Wash all partitions and walls
2. Clean all exhaust fan grills

QUARTERLY LAVATORIES

1. Machine scrub all flooring

NIGHTLY STAIRWELL AND CORRIDORS

1. Vacuum all carpeting
2. Sweep and damp mop all flooring
3. Dust all railings, edges and window sills
4. Empty and clean all ashtrays
5. Spot wash all walls
6. Wash basement stairs and corridor

WEEKLY STAIRWELL AND CORRIDORS

1. Wash all stairs
2. Corner vacuum all carpeting

NIGHTLY LOBBY

1. Vacuum all carpet
2. Vacuum at all entrance doors
3. Wet mop rear entrance lobby floor
4. Empty and clean ashtrays
5. Spot clean walls and base
6. Clean all entrance glass and doors
7. Sweep all entrance steps

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WEEKLY LOBBY

1. Dust directory and plaques

NIGHTLY ELEVATORS

1. Vacuum carpets
2. Clean walls
3. Clean stainless steel in and outside of elevators with approved cleaner
4. Remove trash from ceiling grill

WEEKLY ELEVATORS

1. Vacuum all elevator tracks
2. Dust ceiling fans

MONTHLY ELEVATORS

1. Dust ceiling grills

NIGHTLY LAB AREA

1. Sweep
2. Damp mop
3. Empty trash

SNOW REMOVAL

1. After a 2" or greater snowfall, the snow will be removed from walkways, driveways, parking areas and steps.
2. In cases of ice storms or other icy conditions, sand or other de-icing material shall be applied as necessary to walkways, driveways, parking areas and steps.

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EXHIBIT E

Existing Encumbrances

1. Real estate taxes and municipal charges not yet due and payable.
2. Drainage Easement twenty feet wide extending from the Southwesterly corner

of the premises in a southerly direction created in a Deed duly recorded with the Middlesex Southern District Registry of Deeds (the "Registry") in Book 12387, Page 314.

3. Notification of Non-Significance filed by Waltham Conservation Commission on September 24, 1992 with the Registry in Book 22426, Page 137.
4. The following matters disclosed by that certain Plan entitled "ALTA/ASCM Land Title Survey Plan of Land in Waltham, Mass. (Middlesex County) Prepared For: The Beal Companies" dated August 29, 1997:
 - (a) rip-rap swale encroaches over southeasterly boundary
 - (b) concrete and bituminous walks along Second Avenue encroach onto premises
 - (c) guy wire encroaches
5. Order by the Land Court (Misc. Case No. 128509) for the issuance of a Special Permit as set forth in an instrument recorded with the Registry in Book 20433, Page 311, as affected by Orders by City of Waltham City Council recorded with the Registry in Book 24557, page 61 and Book 25336, Page 119.
6. Superseding Order of Conditions filed by Commonwealth of Massachusetts on November 13, 1992 with the Registry in Book 22613, Page 209, as affected by Certificate of Compliance recorded with the Registry in Book 23709 Page 251.
7. Planning Board Covenants as set forth in an instrument recorded with the Registry in Book 20390, Page 154, as affected by Covenant Release to Lots A, B and C on plan recorded with the Registry in Book 20390, Page 153 and Release recorded with the Registry in Book 22408, Page 397.

Exhibit F

Sublease Requirements

The terms of the Sublease with Massachusetts General Physicians Organization, Inc. ("MGP"), as provided in Section 9.2, are as follows:

Sublandlord: Renaissance Worldwide, Inc.

Subtenant: MGP

Area: 3,500 square feet on the first floor

Rent: Base rent of \$22.00 per square foot of Rentable Area, plus subtenant's proportionate share of Operating Costs

Tenant Improvement Allowance: \$23.00 to be paid by Sublandlord

Term: Term ending _____, 2005

Extension Option: Two five year extension options (but not to exceed the Term of the Lease) at base rent equal to 95% of the then fair market rent for the Premises.

CREDIT AGREEMENT

among

RENAISSANCE WORLDWIDE, INC.,
as Borrower,

NATIONSBANK, N.A.,
as Administrative Agent,

NATIONSBANC MONTGOMERY SECURITIES LLC,
as Syndication Agent,

and
the Lenders named herein

February 24, 1999

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT ("Agreement"), dated as of February 24, 1999, is

among RENAISSANCE WORLDWIDE, INC., a corporation duly organized and validly existing under the laws of the Commonwealth of Massachusetts ("Borrower"), each

of the banks or other lending institutions which is or which may from time to time become a signatory hereto or any successor or assignee thereof pursuant to Section 15.8(b) hereof (individually, a "Lender" and, collectively, the

"Lenders") and NATIONSBANK, N.A., a national banking association, as Fronting

Bank (as defined below) and as administrative agent for the Lenders (in its capacity as administrative agent, together with its successors in such capacity, "Administrative Agent").

R E C I T A L S:

Borrower has requested that Lenders extend credit to Borrower in the form of a revolving credit facility and a letter of credit subfacility. Lenders are willing to extend such credit to Borrower upon the terms and conditions hereinafter set forth.

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

ARTICLE 1

Definitions

Section 1.1 Definitions. As used in this Agreement, the following terms

have the following meanings:

"Account" means either a Base Rate Account or a Libor Account.

"Account Debtor" means a Person who is obligated on a Receivable.

"Adjusted EBITDA" means, for any period and any Person, the total of the

following calculated without duplication on a consolidated basis for such period: (a) EBITDA of such Person; plus (b) on a pro forma basis, the EBITDA

attributable to all Subsidiaries of such Person or assets acquired by such Person during such period, in each case for any portion of such period occurring prior to the date of the acquisition of such Subsidiary or assets; minus (c)

EBITDA of such Person and its Subsidiaries attributable to any Subsidiary or assets disposed of during such period, in each case for any portion of such period occurring prior to the date of the disposal of any such Subsidiary or assets.

"Adjusted Libor Rate" means, for any Libor Account for any Interest Period

therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by Administrative Agent to be equal to the quotient obtained by dividing (a) the Libor Rate for such Libor Account for such Interest Period by (b) 1 minus the Reserve Requirement for such Libor Account for such Interest Period.

"Adjusted Net Income" means, for any period and any Person, such Person's

consolidated net income (or loss) determined in accordance with GAAP, but excluding: (a) the income of any other Person (other than its Subsidiaries) in which such Person or any of its Subsidiaries has an ownership interest, unless received by such Person or its Subsidiary in a cash distribution; (b) any after-tax gains or losses attributable to an asset disposition; and (c) to the extent not included in clause (a) and clause (b) above, any after-tax extraordinary,

non-cash or nonrecurring gains or losses.

"Administrative Agent" has the meaning set forth in the introductory paragraph of this Agreement.

"Affiliate" means, with respect to any Person, any other Person (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such Person; (b) that directly or indirectly beneficially owns or holds ten percent (10%) or more of any class of Voting Stock of such Person; or (c) ten percent (10%) or more of the Voting Stock of which is directly or indirectly beneficially owned or held by the Person in question. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through the ownership of Voting Stock, by contract, or otherwise; provided, however, in no event shall the Agents or any Lender be deemed an Affiliate of Borrower or any Subsidiary of Borrower.

"Agents" means the Administrative Agent and the Syndication Agent, collectively.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement, as the same may be amended or otherwise modified.

"Applicable Lending Office" means, for each Lender and for each Type of Account, the "Lending Office" of such Lender (or of an Affiliate of such Lender) designated for such Type of Account on the signature pages hereof or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to Administrative Agent and Borrower by written notice in accordance with the terms hereof as the office by which its Accounts of such Type are to be made and maintained.

"Applicable Rate" has the meaning set forth in Section 4.1.

"Asset Disposition" means, with respect to any Person, the disposition of any asset of such Person (including, without limitation, the sale of any Capital Stock of any Subsidiary of such Person) other than (i) sales of Inventory in the ordinary course of business, (ii) dispositions of Equipment no longer used or useful in such Person's business and (iii) dispositions of other Equipment to be replaced (and such Equipment is so replaced) with other functionally equivalent Equipment within one hundred twenty (120) days of the disposition thereof.

"Assignment and Acceptance" means an assignment and acceptance, in substantially the form of Exhibit "D", entered into by a Lender and an Eligible Assignee and accepted by Administrative Agent pursuant to Section 15.8(b).

"Authorized Representative" has the meaning set forth in Section 10.1(f).

"Bankruptcy Code" has the meaning set forth in Section 13.1(e).

"Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate plus one-half of one percent (0.5%), or (b) the Prime Rate. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

"Base Rate Account" means a portion of a Loan that bears interest at a rate based upon the Base Rate.

"Base Rate Margin" means three quarters of one percent (0.75 %).

"Borrower" has the meaning set forth in the introductory paragraph of this

Agreement.

"Borrowing Base" means, at any time, an amount equal to eighty-five percent

(85%) of the face value of Eligible Receivables due and owing at such time plus

fifty percent (50%) of earned but unbilled Receivables that would constitute
Eligible Receivables upon the issuance of an invoice therefor.

"Borrowing Base Certificate" means a certificate, signed by an Authorized

Representative of Borrower, in substantially the form attached hereto as Exhibit

"C".

"Business Day" means (a) any day excluding Saturday, Sunday, and any day

which either is a legal holiday under the laws of the Commonwealth of
Massachusetts or the State of Texas or is a day on which banking institutions
located in any such states are closed, and (b), with respect to all borrowings,
payments, Conversions, Continuations, Interest Periods, and notices in
connection with Loans subject to Libor Accounts, any day which is a Business Day
described in clause (a) above and which is also a day on which dealings in

Dollar deposits are carried out in the London interbank market.

"Capital Lease Obligations" means, as to any Person, the obligations of

such Person to pay rent or other amounts under a lease of (or other agreement
conveying the right to use) real and/or personal property, which obligations are
required to be classified and accounted for as a capital lease on a balance
sheet of such Person according to GAAP. For purposes of this Agreement, the
amount of such Capital Lease Obligations shall be the capitalized amount
thereof, determined in accordance with GAAP.

"Capital Stock" means corporate stock and any and all shares, partnership

interests, membership interests, equity interests, rights, securities, or other
equivalent evidences of ownership, or any options, warrants, voting trust
certificates, or other instruments evidencing an ownership interest or a right
to acquire an ownership interest in a Person (however designated) issued by any
entity (whether a corporation, partnership, limited liability company, limited
partnership, or other type of entity).

"Capital Expenditures" means, with respect to any Person, all expenditures

made and liabilities incurred for the acquisition of assets which are not, in
accordance with GAAP, treated as

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expense items for such Person in the year made or incurred or as a prepaid
expense applicable to a future year or years.

"Cash Interest Expense" means, for any period for any Person, that portion

of Interest Expense for such period which is actually paid in cash by such
Person.

"Cash Taxes" means, for any period for any Person, that portion of Taxes

for such period which is actually paid in cash by such Person.

"Change of Control" means the occurrence of any of the following: (i) the

sale, lease, transfer, conveyance or other disposition (other than by way of
merger or consolidation), in one or a series of related transactions, of all or
substantially all of the assets of Borrower and its Subsidiaries taken as a
whole to any "person" (as such term is used in Section 13(d) (3) of the
Securities Exchange Act), (ii) the adoption of a plan relating to the
liquidation or dissolution of Borrower, (iii) the consummation of any
transaction (including, without limitation, any merger or consolidation) first
occurring after the Closing Date the result of which is that any "person" (as
defined above), becomes the "beneficial owner" (as such term is defined in Rule
13d-3 and Rule 13d-5 under the Securities Exchange Act, except that a person
shall be deemed to have "beneficial ownership" of all securities that such
person has the right to acquire, whether such right is currently exercisable or
is exercisable only upon the occurrence of a subsequent condition), directly or
indirectly, of more than 50% of the Voting Stock of Borrower (measured by voting

power rather than number of shares), or (iv) the first day on which a majority of the members of the Board of Directors of Borrower are not Continuing Directors.

"Closing Date" means the date that the first Loan is advanced under this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" means all Property of any nature whatsoever upon which a Lien is created or purported to be created by any Loan Document as security for the Obligations or any portion thereof.

"Commitment Fee Rate" means one half of one percent (0.50 %).

"Commitment Percentage" means, with respect to each Lender, the percentage equivalent of the amount of the Commitments of such Lender (or the Commitment in question) divided by the aggregate amount of all the Commitments of all of the Lenders (or the Commitment in question of all the Lenders).

"Commitments" means, with respect to each Lender, its Revolving Commitment, and, with respect to all Lenders, all such commitments.

"Compliance Certificate" means a certificate in substantially the form of Exhibit "E", properly completed and executed by the chief financial officer of Borrower.

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"Continue", "Continuation", and "Continued" shall refer to the continuation pursuant to Section 4.5 of a Libor Account from one Interest Period to the next Interest Period.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Borrower who (i) was a member of such Board of Directors on the Closing Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Contract Rate" has the meaning specified in Subsection 15.12(a).

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 4.5 or Article 6 of one Type of Account into another Type of Account.

"Debt" means, as to any Person at any time (without duplication): (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable of such Person arising in the ordinary course of business; (d) all Capital Lease Obligations of such Person; (e) all Debt or other obligations of others Guaranteed by such Person; (f) all obligations secured by a Lien existing on property owned by such Person, whether or not the obligations secured thereby have been assumed by such Person or are non-recourse to the credit of such Person; provided, however, that the amount of such Debt of any Person described in this clause (f) shall, for purposes of this Agreement, be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Debt or (ii) the fair market value of the property or asset encumbered, as determined by Administrative Agent in its reasonable discretion; (g) all reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances, surety or other bonds, and similar instruments (including, without limitation, those outstanding with respect to Letters of Credit); (h) all liabilities of such Person in respect of unfunded vested benefits under any Plan (excluding obligations to deliver stock in respect of stock options or stock ownership plans); and (i) all vested obligations of such Person for the payment of money

under any noncompete, consulting, or similar arrangements providing for the deferred payment of the purchase price for an acquisition consummated prior to the date hereof; provided, however, that the term "Debt" shall not include any

earnout or similar contingent payments incurred in connection with an acquisition until such amount is actually earned.

"Default" means an Event of Default or the occurrence of an event or condition which with notice or lapse of time or both would become an Event of Default.

"Default Rate" means, in respect of any principal of any Loan, any Reimbursement Obligation, or any other amount payable by Borrower under any Loan Document, a rate per annum during the period specified in Section 4.4, equal to the sum of two percent (2%), plus the Applicable Rate for Base Rate Accounts as in effect from time to time (provided, that if such amount is subject to a Libor Account and the due date is a day other than the last day of an Interest Period therefor, the "Default Rate" for such amount shall be, for the period from and including the due date and to but excluding the last day of the Interest Period therefor, two percent (2%), plus the interest rate for such

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Account for such Interest Period as provided in Section 4.1, and, thereafter, the rate provided for above in this definition).

"Dollars" and "\$" mean lawful money of the U.S.

"Domestic Subsidiary" means each direct or indirect Subsidiary of Borrower formed under the laws of the U.S. or any state thereof (other than CANAM L.L.C., a Delaware limited liability company).

"EBITDA" means, for any period and any Person, the total of the following calculated without duplication for such Person on a consolidated basis for such period: (a) Adjusted Net Income; plus (b) any provision for (or less any benefit from) income or franchise taxes deducted in determining Adjusted Net Income; plus (c) Interest Expense deducted in determining Adjusted Net Income; amortization and depreciation expense deducted in determining Adjusted Net Income; plus (e) cash charges taken during the second and third Fiscal Quarters of Fiscal 1998 associated with acquisitions and restructuring fees, in the amount of Six Million Nine Hundred Thousand Dollars (\$6,900,000) in such second Fiscal Quarter and Five Million Four Hundred Fifty Thousand Dollars (\$5,450,000) in such third Fiscal Quarter, deducted in determining Adjusted Net Income to the extent not already deducted in accordance with clause (d) above or clause (b) and clause (c) of the definition of Adjusted Net Income; minus (f) noncash credits included in determining consolidated Adjusted Net Income and not already excluded in accordance with the definition of Adjusted Net Income.

"EBITDAR" means, for any period and any Person, the sum of the following calculated without duplication for such Person on a consolidated basis for such period: (a) Adjusted EBITDA; plus (b) Rental Expense deducted in determining Adjusted EBITDA.

"Eligible Assignee" has the meaning specified in Subsection 15.8(b)(i).

"Eligible Receivable" means a Receivable that consists of the unpaid portion of the obligation stated on the invoice issued to an Account Debtor with respect to Inventory sold and shipped to or services performed for such Account Debtor in the ordinary course of Borrower's or its Subsidiaries' business, net of any credits or rebates owed by Borrower or its Subsidiaries to the Account Debtor and net of any commissions payable by Borrower or its Subsidiaries to third parties and that Administrative Agent determines to meet all of the following requirements:

(a) such Receivable is owned by Borrower or its Subsidiaries and represents a bona fide transaction;

(b) not more than ninety (90) days have elapsed from the date of the original invoice;

(c) the goods the sale of which gave rise to such Receivable were shipped or delivered to the Account Debtor on an absolute sale basis and not on a bill and hold sale basis, a consignment sale basis, a guaranteed sale basis, a sale or return basis or on the basis

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of any other similar understanding, and no material part of such goods has been returned or rejected;

(d) such Receivable is not evidenced by chattel paper or an instrument of any kind unless such chattel paper or instrument has (i) been collaterally assigned to Administrative Agent, for the benefit of the Lenders, pursuant to an assignment in form and substance satisfactory to Administrative Agent and (ii) is in the possession of Administrative Agent;

(e) the Account Debtor with respect to such Receivable is not insolvent or the subject of any bankruptcy or insolvency proceedings of any kind or of any other proceeding or action, threatened or pending, which might, in Administrative Agent's sole judgment, have a Material Adverse Effect on such Account Debtor, and is not, in the reasonable discretion of Administrative Agent, deemed ineligible for credit or other reasons;

(f) such Receivable is not owing by an Account Debtor having fifty percent (50.0%) or more in face value of its then existing aggregate total accounts owing to Borrower or its Subsidiaries, in the aggregate, which do not meet the requirements of clause (b) or clause (c) above;

(g) such Receivable is not owing by an Account Debtor whose then existing accounts owing to Borrower or its Subsidiaries, in the aggregate, exceed in face amount ten percent (10%) of Borrower's total Eligible Receivables; provided that only the amount of the excess of such Receivable

over such ten percent (10%) figure shall be excluded and provided, further, that such exclusion shall not apply to Account Debtors with a Debt rating of A or better by Standard & Poor's Corporation or Moody's Investors Service, Inc.;

(h) such Receivable is not owing by an Account Debtor that is located outside of the United States of America;

(i) such Receivable is a valid, legally enforceable obligation of the Account Debtor with respect thereto and is not subject to any present or contingent (and no facts exist which are the basis for any future) offset, deduction or counterclaim, dispute or other defense on the part of such Account Debtor;

(j) such Receivable is subject to a perfected first priority Lien in favor of Administrative Agent, on behalf of the Lenders, and such Receivable is subject to no other Lien whatsoever other than a Permitted Lien;

(k) such Receivable is not subject to the Assignment of Claims Act of 1940, as amended from time to time, or any applicable law now or hereafter existing similar in effect thereto, or to any other prohibition (under applicable law, by contract or otherwise) against its assignment or requiring notice of or consent to such assignment, unless all such required notices have been given, all such required consents have been received and all other procedures have been complied with such that such Receivable shall have been duly and validly assigned to Administrative Agent, for the benefit of Lenders; and

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(l) neither the Account Debtor with respect to such Receivable, nor such Receivable, is determined by Administrative Agent in its reasonable discretion to be ineligible for any other reason.

"Environmental Laws" means any and all federal, state, and local laws, regulations, and requirements regulating health, safety, or the environment, as such laws, regulations, and requirements may be amended or supplemented from time to time.

"Environmental Liabilities" means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive

damages, consequential damages, treble damages, costs, and expenses, (including, without limitation, all reasonable fees, disbursements, and expenses of counsel, expert and consulting fees, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, or criminal or civil statute, including, without limitation, any Environmental Law, permit, order, or agreement with any Governmental Authority or other Person, arising from environmental, health, or safety conditions or the Release or threatened Release of a Hazardous Material into the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as

amended from time to time, and the regulations issued thereunder.

"ERISA Affiliate" means any corporation or trade or business which is a

member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as any Loan Party or is under common control (within the meaning of Section 414(c) of the Code) with any Loan Party.

"Event of Default" has the meaning specified in Section 13.1.

"Existing Letters of Credit" means the outstanding letters of credit

identified on Schedule 2.7.

"Federal Funds Rate" means, for any day, the rate per annum (rounded

upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate

for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to Administrative Agent (in its individual capacity) on such day on such transactions as determined by Administrative Agent.

"Fiscal Quarters" means the three (3) month periods falling in each Fiscal

Year ending on the last Saturday of each March, June, September, and December.

"Fiscal Year" means a twelve (12) month period ending the last Saturday in

December.

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"Foreign Subsidiary" means each direct or indirect Subsidiary of Borrower

that is not a Domestic Subsidiary.

"Fronting Bank" means NationsBank or such other Lender which is a

commercial bank as Borrower and NationsBank may mutually designate from time to time which agrees to be the issuer of a Letter of Credit.

"Funded Debt" means, with respect to any Person for such Person and its

Subsidiaries, determined on a consolidated basis in accordance with GAAP, at the time of determination, the sum of all Debt other than: (a) Debt or other obligations of others guaranteed by such Person and its Subsidiaries; (b) all Reimbursement Obligations (whether contingent or otherwise) in respect of letters of credit, bankers' acceptances, surety or other bonds, and similar instruments (including, without limitation, those outstanding with respect to Letters of Credit); and (c) all liabilities in respect of unfunded vested benefits under any Plan.

"GAAP" means generally accepted accounting principles, applied on a

"consistent basis" (as such phrase is interpreted in accordance with Section 1.3

hereof), as set forth in Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question.

"Governmental Authority" means any nation or government, any state or

political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government.

"Guarantee" means any obligation, contingent or otherwise, of any Person

directly or indirectly guaranteeing any Debt or other obligation of any other Person or indemnifying such other Person for an obligation and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include

endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee of any guaranteeing Person shall be deemed to be the lesser of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made or (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing Person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as mutually determined by Borrower and Administrative Agent in good faith. The term "Guarantee" used as a verb has a corresponding meaning.

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"Guaranty" means each of the Subsidiary Guaranties, and any and all

amendments, modifications, supplements, renewals, extensions, or restatements thereof, and "Guaranties" means the Subsidiary Guaranties, collectively.

"Hazardous Material" means any substance, product, waste, pollutant,

material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law as a result of its hazardous or toxic nature.

"Hedge Agreements" means any and all agreements, devices, or arrangements

designed to protect Borrower from the fluctuations of interest rates, exchange rates, or forward rates applicable to its assets, liabilities, or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap, swap or collar protection agreements, and forward rate currency or interest rate options, as the same may be amended or modified and in effect from time to time, and any and all cancellations, buy backs, reversals, terminations, or assignments of any of the foregoing.

"Intellectual Property" means any U.S. or foreign patents, patent

applications, trademarks, trade names, service marks, brand names, logos and other trade designations (including, without limitation, unregistered names and marks), trademark and service mark registrations and applications, copyrights and copyright registrations and applications, inventions, invention disclosures, protected formulae, formulations, processes, methods, trade secrets, computer software, computer programs and source codes, manufacturing research and similar technical information, engineering know-how, customer and supplier information, assembly and test data drawings or royalty rights.

"Interest Expense" means, for any period and for any Person, the sum of (a)

interest expense of such Person calculated without duplication on a consolidated basis for such period in accordance with GAAP, plus (b) expenses paid under

Hedge Agreements during such period, minus (c) payments received under Hedge

Agreements during such period.

"Interest Period" means with respect to any Libor Account, each period

commencing on the date such Account is established or Continued, or Converted from a Base Rate Account to a Libor Account, or the last day of the next preceding Interest Period with respect to such Libor Account, and ending on the numerically corresponding day in the first calendar month thereafter, as Borrower may select as provided in Section 4.5 or Section 5.1, except that each

such Interest Period which commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing: (a) each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day (or if such succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); (b) any Interest Period which would otherwise extend beyond the Termination Date shall end on the Termination Date; (c) no more than five (5) Interest Periods shall be in effect at the same time; and (d) no Interest Period for any Libor Account shall have a duration of less than one (1) month and, if the Interest Period would otherwise be a shorter period, the related Libor Account shall not be available hereunder.

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"Inventory" means all inventory now owned or hereafter acquired by Borrower

or any Subsidiary of Borrower wherever located and whether or not in transit, which is or may at any time be held for sale or lease, or furnished under any contract (exclusive of leases of real Property) for service or held as raw materials, work in process, or supplies or materials used or consumed in the business of Borrower or any Subsidiary of Borrower.

"Investments" has the meaning specified in Section 11.5.

"Joinder Agreement" means an agreement which has been or will be executed

by a Subsidiary adding it as a party to the Guaranty and certain Security Documents, in substantially the form of Exhibit "G", as the same may be amended

or otherwise modified.

"Lender" has the meaning set forth in the introductory paragraph of this

Agreement.

"Letter of Credit Liabilities" means, at any time, the sum of (a) the

aggregate undrawn face amount of all outstanding Letters of Credit, plus (b) all

unreimbursed drawings under Letters of Credit.

"Letters of Credit" has the meaning specified in Section 2.7(a).

"Letter of Credit Agreement" means, with respect to each Letter of Credit

to be issued by the Fronting Bank therefor, the letter of credit application and reimbursement agreement which such Fronting Bank requires to be executed by Borrower in connection with the issuance of such Letter of Credit.

"Leverage Ratio" means, for any period, the ratio of Borrower's Funded Debt

to Adjusted EBITDA for the twelve (12) month period then ending.

"Libor Account" means any portion of a Loan that bears interest at a rate

based upon the Adjusted Libor Rate.

"Libor Rate" means, for any Libor Account for any Interest Period therefor,

the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Libor Rate" shall mean, for any Libor Account for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more

than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Libor Rate Margin" means two percent (2.0%).

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"Lien" means any lien, mortgage, security interest, tax lien, pledge,

charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

"Loan Documents" means this Agreement, the Notes, the Security Documents,

the Letters of Credit, the Letter of Credit Agreements, the Joinder Agreements, any Hedge Agreement between Borrower or any Subsidiary of Borrower and any Lender and all other agreements, documents, and instruments now or hereafter executed and/or delivered pursuant to or in connection with any of the foregoing, and any and all amendments, modifications, supplements, renewals, extensions, or restatements thereof (including, without limitation, any amendment that increases the amount of any Obligations due thereunder).

"Loan Party" means (a) Borrower, (b) the Guarantors, and (c) any other

Person who is or becomes a party to any agreement, document, or instrument that Guarantees or secures payment or performance of the Obligations or any part thereof.

"Loans" means Revolving Loans.

"Material Adverse Effect" means, with respect to any Person, any material

adverse effect, or the occurrence of any event or the existence of any condition that could reasonably be expected to have a material adverse effect, on (a) with respect to Borrower or any of its Subsidiaries, the prospects, business or financial condition, or performance of Borrower and its Subsidiaries, taken as a whole and, with respect to any other Person, the prospects, business or financial condition, or performance of such Person and its Subsidiaries, taken as a whole, (b) the ability of such Person to pay and perform the obligations for which such Person is responsible when due, or (c) with respect to any Loan Party, the validity or enforceability of (i) any of the Loan Documents, (ii) any Lien created or purported to be created by any of the Loan Documents or the required priority of any such Lien, or (iii) the rights and remedies of Administrative Agent or the Lenders under any of the Loan Documents.

"Maximum Rate" means, at any time and with respect to any Lender, the

maximum rate of nonusurious interest under applicable law that such Lender may charge Borrower. The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges contracted for, charged, or received in connection with the Loan Documents that constitute interest under applicable law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to Borrower at the time of such change in the Maximum Rate. For purposes of determining the Maximum Rate under Texas law to the extent applicable, if at all, the applicable rate ceiling shall be the indicated rate ceiling described in, and computed in accordance with, the Texas Credit Code.

"Mortgaged Property" means, any Property consisting of real property or

interests therein which becomes or is required to become subject to a Mortgage pursuant to Section 7.4, and "Mortgaged Properties" means all of such real

property or interests, collectively.

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"Mortgage" means any (if any) deed of trust, leasehold deed of trust,

mortgage, leasehold mortgage, collateral assignment of leases, or other real estate security document executed and delivered pursuant to this Agreement by any Loan Party in favor of Administrative Agent for the benefit of the Agents and the Lenders with respect to any Mortgaged Property, and any and all amendments, modifications, supplements, renewals or restatements thereof, and "Mortgages" means all of such Mortgages, collectively.

"Multiemployer Plan" means a multiemployer plan defined as such in Section

3(37) of ERISA to which contributions have been made by any Loan Party or any ERISA Affiliate at any time within the six (6) year period preceding the date hereof or hereafter and which is covered by Title IV of ERISA.

"NationsBank" means NationsBank, N.A., and its successors and assigns.

"Net Proceeds" means (i) in connection with any disposition of assets of

any Loan Party, the cash proceeds received by such Loan Party from such disposition (including, without limitation, payments under notes or other debt Securities received in connection with any such disposition, but only as and when received) net of (a) the costs of such disposition (including reasonable, out-of-pocket professional fees and expenses, taxes, notarial fees, survey costs, title insurance premiums, required escrow deposits, and purchase price adjustments and other customary fees and expenses, in each case attributable to and actually paid in connection with such disposition), and (b) amounts applied to repayment of Debt (other than the Obligations) secured by a lien, security interest, claim or encumbrance on the asset or property disposed and (ii) in connection with issuance of any equity Securities, the cash proceeds received from such issuance, net of all costs of such issuance (including reasonable, out-of-pocket professional fees and expenses, notarial fees, underwriting discounts and commissions, and other customary fees and expenses) actually paid.

"Net Worth" means with respect to any Person, such Person's total

shareholders' equity (including, without limitation, capital stock, additional paid-in capital and retained earnings, after deducting treasury stock, or other form of equity (i.e., partner's capital, membership interests, etc.)) which would appear as such on a balance sheet of such Person prepared in accordance with GAAP.

"Notes" means the Revolving Notes referred to in Section 2.2.

"Obligations" means any and all (a) obligations, indebtedness, and liabilities of Borrower to the Agents and the Lenders, or any of them, arising pursuant to any of the Loan Documents, whether now existing or hereafter arising, whether direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including, without limitation, the obligation of Borrower to repay the Loans, the Reimbursement Obligations, interest on the Loans and Reimbursement Obligations, and all fees, costs, and expenses (including, without limitation, attorneys' fees) provided for in the Loan Documents, and (b) indebtedness, liabilities, and obligations of any Loan Party under any Hedge Agreement that it may enter into with the Agent or any Affiliate of any Lender if and to the extent that such Hedge Agreement is permitted in accordance with Section 11.1(i).

"Other Taxes" has the meaning specified in Section 6.6(b).

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"Outstanding Revolving Credit" means, at any time of determination, the sum of (a) the aggregate amount of Revolving Loans then outstanding; plus (b) the aggregate amount of Letter of Credit Liabilities (or when calculated with respect to any Lender, such Lender's pro rata share of the Revolving Loans then outstanding and participation or other interest in such Letter of Credit Liabilities).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to all or any of its functions under ERISA.

"Permitted Liens" means the Liens permitted by Section 11.2.

"Person" means any individual, corporation, limited liability company, business trust, association, company, partnership, joint venture, Governmental Authority, or other entity.

"Plan" means any employee benefit plan established or maintained by any Loan Party or any ERISA Affiliate and which is subject to Title IV of ERISA.

"Prime Rate" means the per annum rate of interest established from time to time by NationsBank as its prime rate, which rate may not be the lowest rate of interest charged by NationsBank to its customers.

"Principal Office" means the office of Administrative Agent, located at 901 Main Street, 67th Floor, Dallas, Texas 75202.

"Prior Loan Agreement" means the Amended and Restated Accounts Receivable

Management and Security Agreement dated as of April 9, 1998, among Borrower, certain of its Subsidiaries and BNY Financial Corporation as the same may have been amended or supplemented from time to time prior to the Closing Date.

"Prohibited Transaction" means any transaction described in Section 406 or

407 of ERISA or Section 4975(c)(1) of the Code for which no statutory or administrative exemption applies.

"Projections" means Borrower's forecasted consolidated: (a) balance sheets;

(b) profit and loss statements; (c) cash flow statements; and (d) capitalization statements, all materially consistent with Borrower's historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

"Property" means, for any Person, property or assets of all kinds, real,

personal or mixed, tangible or intangible (including, without limitation, all rights relating thereto), whether owned or acquired on or after the Closing Date.

"Purchase Price" means, as of any date of determination and with respect to

any acquisition, the purchase price to be paid for the equity interests issued by the Person to be acquired or the assets of the Person to be acquired, including all cash consideration paid (whether classified as purchase price, noncompete payments, consulting payments or otherwise and without regard to whether such amount is paid at closing or paid over time but excluding the amount of any finance charges

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attributable to deferred payments and excluding amounts payable as salary and benefits under any employment agreement entered into with any seller for the purpose of retaining such seller as an active officer or employee of Borrower or a Subsidiary) and the Dollar value of all other assets to be transferred by the purchaser in connection with such acquisition to the seller or sellers (including the value of all capital stock of Borrower issued or to be issued to the seller) all valued in accordance with the applicable purchase agreements.

"Receivable" or "Receivables" means, as at any date of determination

thereof, each and every "account" as such term is defined in article or chapter 9 of the UCC (or any successor statute) and includes, without limitation, the unpaid portion of the obligation, as stated on the respective invoice, or, if there is no invoice, other writing, of a customer of Borrower or any Subsidiary of Borrower in respect of Inventory sold and shipped or services rendered by Borrower or any Subsidiary of Borrower.

"Register" has the meaning specified in subsection 15.8(c).

"Regulation D" means Regulation D of the Board of Governors of the Federal

Reserve System as the same may be amended, modified, or supplemented from time to time or any successor regulation therefor.

"Regulatory Change" means, with respect to any Lender, any change after the

date of this Agreement (other than with respect to taxes excluded by the first sentence of Section 6.6(a) in U.S. federal, state, or foreign laws or

regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives, or requests (other than with respect to taxes excluded by the first sentence of Section 6.6(a)) applying to a class of

lenders including such Lender of or under any U.S. federal or state, or any foreign, laws or regulations (whether or not having the force of law) by any Governmental Authority or monetary authority charged with the interpretation or administration thereof.

"Reimbursement Obligations" means all indebtedness, liabilities, and

obligations of Borrower or any other Loan Party to reimburse Administrative Agent or the Fronting Bank in accordance with subsection 2.7(e) for any demand

for payment or drawing under a Letter of Credit.

"Release" means, as to any Person, any release, spill, emission, leaking,

pumping, injection, deposit, disposal, disbursement, leaching, or migration of Hazardous Materials into the indoor or outdoor environment or into or from property owned by such Person, including, without limitation, the migration of

Hazardous Materials through or in the air, soil, surface water, ground water, or property in violation of Environmental Laws.

"Remedial Action" means all actions required under applicable Environmental

Laws to (a) cleanup, remove, treat, or otherwise address Hazardous Materials in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release of Hazardous Materials, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care; provided that "Remedial Action" shall not include such actions taken in the

normal course of business and in material compliance with Environmental Laws.

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"Rental Expense" means, for any period and for any Person, the rental or

lease expense of such Person under operating leases calculated without duplication on a consolidated basis for such period as determined in accordance with GAAP.

"Required Lenders" means any combination of Lenders having (a) more than

fifty percent (50%) of the Revolving Commitments or (b) if the Revolving Commitments have terminated or have otherwise been fulfilled, more than fifty percent (50%) of the outstanding principal amount of the Loans and participations in the Letters of Credit.

"Reportable Event" means any of the events set forth in Section 4043 of

ERISA for which the 30-day notice requirement has not been waived by the PBGC.

"Reserve Requirement" means, at any time, the maximum rate at which

reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against, in the case of Libor Accounts, "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the Adjusted Libor Rate is to be determined, or (ii) any category of extensions of credit or other assets which include Libor Accounts. The Adjusted Libor Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

"Revolving Commitment" means, as to each Lender, the obligation of such

Lender to make advances of funds and purchase participation interests in (or with respect to the Fronting Bank as a Lender, hold other interests in) Letters of Credit in an aggregate principal amount at any one time outstanding up to but not exceeding the amount set forth opposite the name of such Lender on the signature pages hereto (or if applicable, the most recent Assignment and Acceptance executed by it) under the heading "Revolving Commitment", as the same may be reduced or terminated pursuant to Section 2.6, Section 5.4, or Section

13.2. The aggregate amount of all the Revolving Commitments as of the Closing

Date equals One Hundred Ten Million Dollars (\$110,000,000).

"Revolving Loans" means, as to any Lender, the advances made by such Lender

pursuant to Section 2.1, and, as to all Lenders making such Loans, all such

Loans made or held by such Lenders pursuant to Section 2.1.

"Revolving Notes" means the promissory notes provided for by Section 2.2

and all amendments or other modifications thereof.

"Revolving Termination Date" means the 90th calendar day after the Closing

Date.

"Securities" means any stock, shares, options, warrants, voting trust

certificates, or other instruments evidencing an ownership interest or a right to acquire an ownership interest in a Person or any bonds, debentures, notes, or other evidences of indebtedness for borrowed money, secured or unsecured.

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"Security Agreements" means security agreements, pledge agreements,

securities pledge agreements, debenture pledge agreements, and other agreements, documents or instruments evidencing or creating a Lien as security for the Obligations or any portion thereof in form and substance satisfactory to Administrative Agent executed by any of Borrower, each Domestic Subsidiary of Borrower, and any other Loan Party, dated the Closing Date or a subsequent date (in the case of Domestic Subsidiaries acquired after the Closing Date), in favor of Administrative Agent, for the benefit of the Agents and the Lenders, and any such agreement, document, or instrument executed pursuant to Article 7, and any

and all amendments, modifications, supplements, renewals, extensions, or restatements thereof.

"Security Documents" means the Guaranties, the Security Agreements, and the

Mortgages, as such agreements may be amended, modified, supplemented, renewed, extended, or restated from time to time, and any and all other agreements, deeds of trust, mortgages, chattel mortgages, security agreements, pledges, guaranties, assignments of proceeds, assignments of income, assignments of contract rights, assignments of partnership interests, assignments of royalty interests, or other collateral assignments, completion or surety bonds, standby agreements, subordination agreements, undertakings, and other agreements, documents, instruments, and financing statements now or hereafter executed and/or delivered by any Loan Party in connection with or as security or assurance for the payment or performance of the Obligations or any part thereof.

"Senior Debt" means all Debt of Borrower and its Subsidiaries for borrowed

money (other than Subordinated Debt) determined on a consolidated basis in accordance with GAAP.

"Senior Leverage Ratio" means, for any period, the ratio of Borrower's

Senior Debt to its Adjusted EBITDA for the twelve (12) month period then ending.

"Solvent" means, with respect to any Person as of the date of any

determination, that on such date (a) the fair value of the Property of such Person (both at fair valuation and at present fair saleable value) is greater than the total liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person is able to realize upon its assets and pay its debts and other liabilities, contingent obligations, and other commitments as they mature in the normal course of business, (d) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (e) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's Property would constitute unreasonably small capital after giving due consideration to current and anticipated future capital requirements and current and anticipated future business conduct and the prevailing practice in the industry in which such Person is engaged. In computing the amount of contingent liabilities at any time, such liabilities shall be computed at the amount which, in light of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subordinated Debt" means Debt of Borrower or its Subsidiaries subordinated

to the Obligations on terms and conditions satisfactory to Administrative Agent in its absolute discretion.

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"Subsidiary" means, (a) when used to determine the relationship of a Person

to another Person, a Person of which an aggregate of more than fifty percent (50%) or more of the Capital Stock is owned of record or beneficially by such other Person, or by one or more Subsidiaries of such other Person, or by such other Person and one or more Subsidiaries of such Person, (i) if the holders of such Capital Stock (A) are ordinarily, in the absence of contingencies, entitled to vote for the election of a majority of the directors (or other individuals performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency, or (B) are entitled, as such holders, to vote for the election of a majority of the directors (or individuals performing similar functions) of such Person, whether or not the right so to vote exists by reason of the happening of a contingency, or (ii) in the case of Capital Stock which is not issued by a corporation, if such ownership interests constitute a majority voting interest, and (b) when used with respect to a Plan, ERISA, or a provision of the Code pertaining to employee benefit plans, means, with respect to a Person, any corporation, trade, or

business (whether or not incorporated) which is under common control with such Person and is treated as a single employer with such Person under Section 414(b) or (c) of the Code and the regulations thereunder.

"Subsidiary Guaranty" means the guaranty of the Domestic Subsidiaries of

Borrower in favor of Administrative Agent, for the benefit of the Agents and the Lenders, in substantially the form of Exhibit "F", as the same may be modified

pursuant to one or more Joinder Agreements and as the same may be otherwise modified from time to time.

"Syndication Agent" has the meaning set forth in the introductory paragraph

of this Agreement.

"Tangible Net Worth" means, at the time of determination, the remainder of

(a) Net Worth minus (b) the aggregate book value of all intangible assets of

Borrower and its Subsidiaries which are included in the determination of Net Worth.

"Taxes" has the meaning specified in Section 6.6.

"Termination Date" means the Revolving Termination Date.

"Termination Event" means (a) a Reportable Event, or (b) the filing of a

notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (c) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA, or the appointment of a trustee to administer any Plan.

"Total Liabilities" means, at the time of determination and without

duplication, all amounts which, in conformity with GAAP, would be included in total liabilities on a consolidated balance sheet of Borrower and its Subsidiaries.

"Type" shall mean either type of Account (i.e., a Base Rate Account or

Libor Account).

"UCC" means the Uniform Commercial Code as in effect in the Commonwealth of

Massachusetts and/or any other jurisdiction, the laws of which may be applicable to or in connection

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with the creation, perfection or priority of any Lien on any Property created pursuant to any Security Document.

"Unfunded Vested Accrued Benefits" means with respect to any Plan at any

time, the amount (if any) by which (a) the present value of all vested nonforfeitable benefits under such Plan exceeds, (b) the fair market value of all Plan assets allocable to such benefits; all determined as of the then most recent valuation date for such Plan.

"U.S." means the United States of America.

"Voting Stock" means Capital Stock of a Person having by the terms thereof

ordinary voting power to elect a majority of the board of directors (or similar governing body) of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency).

"Wholly-Owned Subsidiary" means any Subsidiary that (i) is owned 100% by

Borrower and/or a Subsidiary of Borrower, and (ii) is organized under the laws of a state within the U.S.

"Year 2000 Compliant" has the meaning set forth in Section 9.24 hereof.

"Year 2000 Problem" has the meaning set forth in Section 9.24 hereof.

Section 1.2 Other Definitional Provisions. All definitions contained in

this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "hereof", "herein", and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all Article, Section, and Schedule references pertain to Articles, Sections, and Schedules of this Agreement. Terms used herein that are defined in the UCC, unless otherwise defined herein, shall have the meanings specified in the UCC.

Section 1.3 Accounting Terms and Determinations. Except as otherwise

expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to Administrative Agent and the Lenders hereunder shall be prepared, in accordance with GAAP, on a "consistent basis" with those used in the preparation of the financial statements referred to in Section 9.2. All calculations made for the purposes of determining

compliance with the provisions of this Agreement shall be made by application of GAAP, on a "consistent basis" with those used in the preparation of the financial statements referred to in Section 9.2. Accounting principles are

applied on a "consistent basis" when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period. Changes in the application of accounting principles which do not have a material impact on calculating the financial covenants herein shall be deemed comparable in all material respects to accounting principles applied in a preceding period. To enable the ready and consistent determination of compliance by Borrower with its obligations under this Agreement, Borrower will not, nor will it permit any other Loan Party to, change the manner in which either the last day of its Fiscal Year or the last days of the first three Fiscal Quarters of its Fiscal Years is calculated without the prior written consent of the Required

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Lenders. In the event any changes in accounting principles required by GAAP, recommended by Borrower's or any other Loan Party's certified public accountants or requested by Borrower (or that Borrower otherwise requests and Administrative Agent and the Required Lenders agree to accept, such agreement not unreasonably to be denied) and implemented by Borrower or any other Loan Party occur and such changes result in a change in the method of the calculation of financial covenants under this Agreement, then Borrower, Administrative Agent, and the Required Lenders agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such changes with the desired result that the criteria for evaluating such covenants shall be the same after such changes as if such changes had not been made. Until such time as such an amendment shall have been executed and delivered by Borrower, Administrative Agent, and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such changes had not occurred.

Section 1.4 Time of Day. Unless otherwise indicated, all references in

this Agreement to times of day shall be references to Dallas, Texas time.

ARTICLE 2

Revolving Credit Facility

Section 2.1 Revolving Commitments. Subject to the terms and conditions

of this Agreement, each Lender who has agreed to provide a Revolving Commitment severally agrees to make advances to Borrower from time to time from and including the Closing Date to but excluding the Revolving Termination Date in an aggregate principal amount at any time outstanding up to but not exceeding the amount of such Lender's Revolving Commitment as then in effect; provided,

however, (a) the Outstanding Revolving Credit applicable to a Lender shall not

at any time exceed such Lender's Revolving Commitment, and (b) the Outstanding Revolving Credit of all of the Lenders shall not at any time exceed the lesser of (i) the Borrowing Base or (ii) the aggregate Revolving Commitments. Subject to the foregoing limitations, and the other terms and provisions of this Agreement, Borrower may borrow, prepay, and reborrow hereunder the amount of the Revolving Commitments and may establish Base Rate Accounts and Libor Accounts thereunder and, until the Revolving Termination Date, Borrower may Continue Libor Accounts established under the Revolving Loans or Convert Accounts established under the Revolving Loans of one Type into Accounts of the other Type. Accounts of each Type under the Revolving Loans made by each Lender shall be established and maintained at such Lender's Applicable Lending Office for

Revolving Loans of such Type.

Section 2.2 Notes. The Revolving Loans made by a Lender shall be

evidenced by a single promissory note of Borrower in substantially the form of Exhibit "A", payable to the order of such Lender, in the maximum principal

amount equal to its Revolving Commitment as originally in effect (or, if greater, its Revolving Commitment thereafter increased) and otherwise duly completed.

Section 2.3 Repayment of Revolving Loans. Borrower shall pay to

Administrative Agent, for the account of the Lenders, the outstanding principal amount of all of the Revolving Loans on the Revolving Termination Date and if at any time the aggregate Outstanding Revolving Credit shall

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exceed the Borrowing Base, Borrower shall pay the Administrative Agent for the account and the Lenders such excess amount.

Section 2.4 Use of Proceeds. Subject to the terms of this Agreement,

the proceeds of the Revolving Loans shall be used by Borrower (i) to refinance the existing Debt set forth on Schedule 2.4 hereto, and (ii) otherwise for

general corporate purposes arising in the ordinary course of business of Borrower and its Subsidiaries, to finance working capital requirements and Capital Expenditures of Borrower and its Subsidiaries, and for payment of the Reimbursement Obligations.

Section 2.5 Revolving Commitment Fee. Borrower agrees to pay to Agent

for the account of each Lender a commitment fee on the daily average unused amount of such Lender's Revolving Commitment for the period from and including the Closing Date to and including the Revolving Termination Date, at a per annum rate equal to the Commitment Fee Rate, computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) provided that for purposes of calculating such fee the amount of outstanding Letters of Credit shall constitute use of the Revolving Commitment. Accrued commitment fees under this Section 2.5 shall be payable in

arrears on the last Business Day of each calendar quarter and on the Revolving Termination Date.

Section 2.6 Termination or Reduction of Revolving Commitments. Borrower

shall have the right to terminate fully or to reduce in part the unused portion of the Revolving Commitments at any time and from time to time, provided that:

(a) Borrower shall give Administrative Agent at least five (5) Business Days notice of each such termination or reduction as provided in Section 5.3 hereof;

(b) each partial reduction shall be in an aggregate amount at least equal to One Million Dollars (\$1,000,000) or any multiple One Hundred Thousand Dollars (\$100,000) in excess thereof; and (c) the Revolving Commitments may not be reduced below an amount equal to the Letter of Credit Liabilities. The Revolving Commitments may not be reinstated after they have been terminated or reduced.

Section 2.7 Letters of Credit.

(a) Commitment to Issue. Borrower may utilize Revolving Commitments

by requesting that the Fronting Bank issue, and the Fronting Bank, subject to the terms and conditions of this Agreement, shall issue, standby and commercial letters of credit for Borrower's account (such letters of credit being hereinafter referred to as the "Letters of Credit", which may

be for the benefit of a Subsidiary of Borrower); provided, however, (i)

the aggregate amount of outstanding Letter of Credit Liabilities shall not at any time exceed Fifteen Million Dollars (\$15,000,000), (ii) the Outstanding Revolving Credit shall not at any time exceed the maximum amount prescribed by Section 2.1, and (iii) the Outstanding Revolving

Credit applicable to any Lender shall not at any time exceed the maximum amount for a Lender prescribed by Section 2.1. Upon the date of issue of a Letter of Credit, Administrative Agent shall be deemed, without further action by any party hereto, to have sold to each Lender who holds a Revolving Commitment, and each such Lender shall be deemed, without further action by any party hereto, to have purchased from Administrative

related Letter of Credit Liabilities. Upon termination of the Revolving Commitments, any Letter of Credit then outstanding which has been fully cash collateralized to the satisfaction of Administrative Agent and the Fronting Bank shall no longer be considered a "Letter of Credit" as defined in this Agreement and any participating interest heretofore granted by the Fronting Bank to the Lenders holding Revolving Commitments in such Letter of Credit shall be deemed terminated but the letter of credit fees payable hereunder shall continue to accrue to the Fronting Bank with respect to such Letter of Credit until the expiry thereof.

(b) Letter of Credit Request Procedure. Except for Letters of Credit

issued on the Closing Date, Borrower shall give Administrative Agent not less than three (3) Business Days prior notice (effective upon receipt) specifying the date of each Letter of Credit and the nature of the transactions to be supported thereby. Upon receipt of such notice Administrative Agent shall promptly notify the Fronting Bank and each Lender who holds a Revolving Commitment of the contents thereof and of such Lender's Commitment Percentage of the amount of the proposed Letter of Credit. Unless otherwise agreed by Administrative Agent and the Fronting Bank with the consent of all Lenders (and provided that any such Letter of Credit is required to be fully cash collateralized to the satisfaction of Administrative Agent and the Fronting Bank no later than five (5) days prior to the Revolving Termination Date), each Letter of Credit shall have an expiration date that does not extend beyond a date which is thirty (30) days prior to the Revolving Termination Date, shall be payable in Dollars, must support a transaction entered into in the ordinary course of business of Borrower or its Subsidiaries, must be reasonably satisfactory in form and substance to Administrative Agent and the Fronting Bank, and shall be issued pursuant to such documentation as Administrative Agent and the Fronting Bank may reasonably require, including, without limitation, the Fronting Bank's standard form Letter of Credit Agreement; provided, that, -----
in the event of any conflict between the terms of such agreement and the other Loan Documents, the terms of the other Loan Documents shall control.

(c) Letter of Credit Fees. Borrower will pay to Administrative Agent

for the account of each Lender holding a Revolving Commitment a fee on such Lender's Commitment Percentage (calculated with respect to the Revolving Commitments only) of the daily average amount available for drawings under the Letters of Credit, such fee (i) to be paid in arrears on the last Business Day of each calendar quarter occurring after the date of the issuance of the first Letter of Credit and on each last Business Day of each calendar quarter thereafter until the date of expiration or termination of all Letters of Credit and (ii) to be calculated at a rate per annum equal to the Libor Rate Margin applicable to the Revolving Loans on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day). After receiving any payment of any fees under this clause (c), Administrative Agent will -----
promptly pay to each Lender that holds a Revolving Commitment the fees then due such Lender. Borrower will also pay to the Fronting Bank for its account only a fronting fee on the amount available to be drawn under each Letter of Credit, such fronting fee (i) to be paid in advance on the date of the issuance of each Letter of Credit and (ii) to be calculated at a rate per annum equal to one-eighth of one percent (0.125%) on the basis of a year of 360 days and the actual number of days such Letter of Credit is to be outstanding (including the first day but excluding the last day). Borrower will

also pay to the Fronting Bank, for its account only, all customary fees for amendments to and processing of the Letters of Credit.

(d) Funding of Drawings. Upon receipt from the beneficiary of any

Letter of Credit of any demand for payment or other drawing under such Letter of Credit, the Fronting Bank shall promptly so notify Administrative Agent and Administrative Agent shall promptly so notify Borrower and each Lender that holds a Revolving Commitment as to the amount to be paid as a result of such demand or drawing and the respective payment date. Not later than 2:00 p.m. on the applicable payment date if Borrower has not reimbursed the Fronting Bank for the amount paid as a result of such demand or drawing, each Lender will make available to Administrative Agent, at the Principal Office, in immediately available funds, an amount equal to such

Lender's Commitment Percentage (calculated based only on the Revolving Commitments) of the amount to be paid as a result of such demand or drawing which has not been reimbursed even if the conditions to a Loan under Article 8 hereof have not been satisfied and Administrative Agent shall

promptly pay such amounts to the Fronting Bank.

(e) Reimbursements. Borrower shall be irrevocably and

unconditionally obligated to immediately reimburse the Fronting Bank (through Administrative Agent) for any amounts paid by the Fronting Bank upon any demand for payment or drawing under any Letter of Credit, without presentment, demand, protest, or other formalities of any kind. All payments on the Reimbursement Obligations shall be made to Administrative Agent not later than 2:00 p.m. on the date of the corresponding payment under the Letter of Credit by the Fronting Bank; provided, that

Administrative Agent has provided notice to Borrower prior to 11:00 a.m. on such day that such payment is due. In the event such notice is received after 11:00 a.m. on a Business Day, such payment shall be due not later than 1:00 p.m. on the next succeeding Business Day. Subject to the other terms and conditions of this Agreement, such reimbursement may be made by Borrower requesting a Revolving Loan in accordance with Section 5.1 hereof,

the proceeds of which shall be credited against Borrower's Reimbursement Obligations. Administrative Agent will pay to each Lender participating in a Letter of Credit such Lender's Commitment Percentage (calculated based only on the Revolving Commitments) of all amounts received from Borrower for application in payment, in whole or in part, to the Reimbursement Obligation in respect of any Letter of Credit, but only to the extent such Lender has made payment to Administrative Agent in respect of such Letter of Credit pursuant to clause (d) of this Section 2.7.

(f) Reimbursement Obligations Absolute. The Reimbursement

Obligations of Borrower under this Agreement shall be absolute, unconditional, and irrevocable, and shall be performed strictly in accordance with the terms of the Loan Documents under all circumstances whatsoever and Borrower hereby waives any defense to the payment of the Reimbursement Obligations based on any circumstance whatsoever, including, without limitation, in either case, the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit or any other Loan Document; (ii) the existence of any claim, set-off, counterclaim, defense, or other rights which any Loan Party or any other Person may have at any time against any beneficiary of any Letter of Credit, the Fronting Bank, Administrative Agent, any Lender, or any other Person, whether in connection with

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any Loan Document or any unrelated transaction; (iii) any statement, draft, or other documentation presented under any Letter of Credit proving to be forged, fraudulent, invalid, or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; (iv) payment by the Fronting Bank under any Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or (v) any other circumstance whatsoever, whether or not similar to any of the foregoing, except in each instance as otherwise provided in Section 2.7(g) below.

(g) Assumption of Risk by Borrower. As among Borrower and the

Lenders, Borrower assumes all risks of the acts and omissions of, or misuse of any of the Letters of Credit by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the applications for the issuance of Letters of Credit, the Lenders, the Fronting Bank, and Administrative Agent shall not be responsible for:

(i) the form, validity, sufficiency, accuracy, genuineness, or legal effect of any document submitted by any Person in connection with the application for and issuance of and presentation of drafts with respect to any of the Letters of Credit, even if it should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent, or forged;

(ii) the validity or sufficiency of any instrument transferring or assigning, or purporting to transfer or assign, any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(iii) the failure of the beneficiary of any Letter of Credit to

comply duly with conditions required in order to draw upon such Letter of Credit;

(iv) errors, omissions, interruptions, or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, or otherwise, whether or not they be in cipher;

(v) errors in interpretation of technical terms;

(vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof;

(vii) the misapplication by the beneficiary of any Letter of Credit of the proceeds of any drawing under such Letter of Credit; or

(viii) any consequences arising from causes beyond the control of any Lender or the Fronting Bank, including, without limitation, any Government Acts.

None of the foregoing shall affect, impair, or prevent the vesting of any of the Lenders, the Fronting Bank or Administrative Agent's rights or powers under this Section 2.7. Borrower shall have a claim against the Fronting Bank, and the

Fronting Bank shall be liable to Borrower, to the extent of any direct (but not indirect, consequential, remote, exemplary or punitive) damages suffered by Borrower or its Subsidiaries which Borrower proves in a final nonappealable judgment were caused by (A) the Fronting Bank's willful misconduct or gross negligence in determining whether documents presented under any Letter of Credit complied with the terms thereof or (B) the Fronting Bank's willful failure to pay under any Letter of Credit after presentation to it of documentation strictly complying with the terms and conditions of such Letter of Credit. Subject to the preceding sentence, the Fronting Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 2.8 Borrowing Base. Percentages used from time to time in

calculating the Borrowing Base are for the sole purpose of determining the maximum amount of Loans that may be outstanding from time to time under this Agreement, and shall not be evidentiary of or binding upon Administrative Agent or Lenders with respect to the market value or liquidation value of any Collateral. Funding of Loans hereunder shall at all times remain subject to confirmation by Administrative Agent of Eligible Receivables and the Borrowing Base. Any request for a Loan which, if funded, would result in the unpaid balance of the Loans being in excess of the amount allowed by this Agreement may be declined by Administrative Agent in its sole discretion without prior notice.

ARTICLE 3

[RESERVED]

ARTICLE 4

Interest and Fees

Section 4.1 Interest Rate. Borrower shall pay to Administrative Agent,

for the account of each Lender, interest on the unpaid principal amount of each Loan made by such Lender for the period commencing on the date of such Loan to but excluding the date such Loan is due, at a fluctuating rate per annum equal to the Applicable Rate. The term "Applicable Rate" means:

(a) during the period that such Loans or portions thereof are subject to a Base Rate Account, the Base Rate, plus the Base Rate Margin;

and

(b) during the period that such Loans or portions thereof are subject to a Libor Account, the Adjusted Libor Rate, plus the Libor Rate

Margin.

Section 4.2 [RESERVED]

Section 4.3 Payment Dates. Accrued interest on the Loans shall be due

and payable as follows: (i) in the case of Loans subject to Base Rate Accounts, on the Termination Date of such Loan; (ii) in the case of Loans subject to Libor Accounts and with respect to each such Account, on the last day of the Interest Period with respect thereto and on the Termination Date of such Loan.

Section 4.4 Default Interest. Notwithstanding anything to the contrary

contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, at the option of Required Lenders and following notice to Borrower, Borrower will pay to Administrative Agent for the account of each Lender interest at the applicable Default Rate on any principal of any Loan made by such Lender, any Reimbursement Obligation, and (to the fullest extent permitted by law) any other amount payable by Borrower under any Loan Document to or for the account of Administrative Agent or such Lender.

Section 4.5 Conversions and Continuations of Accounts. Subject to

Section 5.2 hereof, Borrower shall have the right from time to time to Convert

all or part of any Base Rate Account in existence under a Loan into a Libor Account under the same Loan or to continue Libor Accounts in existence under a Loan as Libor Accounts under the same Loan, provided that: (a) Borrower shall

give Administrative Agent notice of each such Conversion or Continuation as provided in Section 5.3 hereof; (b) subject to Section 6.3 hereof, a Libor

Account may only be Converted on the last day of the Interest Period therefor; and (c) except for Conversions into Base Rate Accounts, no Conversions or Continuations shall be made without the consent of Administrative Agent and the Required Lenders while a Default has occurred and is continuing.

Section 4.6 Computations. Interest and fees payable by Borrower

hereunder and under the other Loan Documents in respect of the interest and fees, other than interest based on the Base Rate, shall be computed on the basis of a year of 360 days and the actual number of days elapsed (including the first day but excluding the last day) in the period for which interest is payable unless such calculation would result in a rate that exceeds the Maximum Rate, in which case interest shall be calculated on the basis of a year of 365 or 366 days, as the case may be; interest based on the Base Rate shall be computed on the basis of a 365 or 366 day year, as the case may be.

ARTICLE 5

Administrative Matters

Section 5.1 Borrowing Procedure. Borrower shall give Administrative

Agent, and Administrative Agent will give the Lenders, notice of each borrowing under the Commitments in accordance with Section 5.3 hereof. Not later than

12:00 noon on the date specified for each borrowing under the applicable Commitment, each Lender obligated with respect to such Commitment will make available the amount of the Loan to be made by it on such date to

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Administrative Agent, at the Principal Office, in immediately available funds, for the account of Borrower. The amounts received by Administrative Agent shall, subject to the terms and conditions of this Agreement, be made available to Borrower by 3:00 p.m. at Borrower's direction by transferring the same, in immediately available funds by wire transfer, automated clearinghouse debit, or interbank transfer to (a) a bank account of Borrower designated by Borrower in writing or (b) a Person or Persons designated by Borrower in writing.

Section 5.2 Minimum Amounts. Except for prepayments and Conversions

pursuant to Section 5.4(a) and Article 6 hereof, each Base Rate Account

applicable to a Loan and each prepayment of principal of a Loan shall be in a minimum principal amount of One Hundred Thousand Dollars (\$100,000) or increments Fifty Thousand Dollars (\$50,000) in excess thereof. Each LIBOR Account applicable to a Loan shall be in a minimum principal amount of One Million Dollars (\$1,000,000) or increments One Hundred Thousand Dollars (\$100,000) in excess thereof.

Section 5.3 Certain Notices. Notices by Borrower to Administrative

Agent of terminations or reductions of Commitments, of borrowings and

prepayments of Loans and of Conversion and Continuations of Accounts shall be irrevocable and shall be effective only if received by Administrative Agent not later than 11:00 a.m. on the Business Day prior to (or, with respect to Base Rate Accounts, on) the date of the relevant termination, reduction, borrowing, Conversion, Continuation, or other repayment specified below:

<TABLE>
<CAPTION>

Notice	Number of Business Days Prior
<S>	<C>
Termination or reduction of Commitments	5
Borrowing of Loans subject to Base Rate Accounts, prepayment or repayment of Loans subject to Base Rate Accounts, or Conversions into Base Rate Accounts	0
Borrowing, prepayment, or repayment of Loans subject to Libor Accounts, Conversions into or Continuations as Libor Accounts	3

</TABLE>

Notwithstanding the foregoing, Borrower may give an effective notice of borrowing of Revolving Loans subject to Base Rate Accounts in accordance with Section 2.7(e) not later than 12:00 noon on the Business Day of the proposed

borrowing if the proceeds of such borrowing will be used to satisfy Reimbursement Obligations. Any notices of the type described in this Section

5.3 which are received by Administrative Agent after the applicable time set

forth above on a Business Day shall be deemed to be received and shall be effective on the next Business Day. Each such notice of termination or reduction shall specify the applicable Commitments to be affected and the amount of the Commitments to be terminated or reduced. Each such notice of borrowing, Conversion, Continuation, or prepayment shall specify (a) the Loans to be borrowed or prepaid or the Accounts to be Converted or Continued; (b) the amount (subject to Section 5.2 hereof) to be borrowed, Converted, Continued, or

prepaid; (c) in the case of a Conversion, the Type of Account to result from such Conversion; (d) in the case of a borrowing, the Type of Account or Accounts to be applicable to such borrowing and the amounts thereof; (e) in the event a Libor Account is selected, the duration of the Interest Period therefor; and (f) the date of borrowing, Conversion, Continuation, or prepayment (which shall be a Business Day). Any notices by Borrower of the type described in this

Section 5.3 may be made orally or in writing and, if made orally, must be

confirmed in writing not more than two (2) Business Days after the notice is given. Administrative Agent shall notify the Lenders of the contents of each such notice on the date of its receipt of the same or, if received on or after the applicable time set forth above on a Business Day, on the next Business Day. In the event Borrower fails to select the Type of Account applicable to a Loan, or the duration of any Interest Period for any Libor Account, within the time period and otherwise as provided in this Section 5.3, such Account (if

outstanding as a Libor Account) will be automatically Converted into a Base Rate Account on the last day of the preceding Interest Period for such Account or (if outstanding as a Base Rate Account) will remain as, or (if not then outstanding) will be made as, a Base Rate Account. Borrower may not borrow any Loans subject to a Libor Account, Convert any Base Rate Accounts into Libor Accounts, or Continue any Libor Account as a Libor Account if the Applicable Rate for such Libor Accounts would exceed the Maximum Rate.

Section 5.4 Prepayments.

(a) Mandatory.

(i) Revolving Loans. If at any time the Outstanding

Revolving Credit exceeds the aggregate Revolving Commitments or the Borrowing Base, Borrower shall, within one (1) Business Day after the occurrence thereof, prepay the outstanding Revolving Loans by the amount of such excess.

(ii) Prepayments from Asset Dispositions. Immediately

upon receipt by Borrower or any of its Subsidiaries of the Net

Proceeds of any Asset Disposition, Borrower shall make a prepayment in respect of the Obligations equal to the amount of such Net Proceeds and the Revolving Commitments shall be permanently reduced by the amount of such prepayment; provided,

however, that if no Default or Event of Default has occurred and

is continuing, Borrower shall not be required to make such prepayment to the extent that the Net Proceeds from such Asset Dispositions during any fiscal year of Borrower do not exceed Ten Million Dollars (\$10,000,000) in the aggregate. Concurrently with the making of any such payment, Borrower shall deliver to Administrative Agent a certificate of Borrower's chief financial officer demonstrating the calculations of the amount required to be prepaid.

(iii) Prepayments from Debt Offerings. In the event that

Borrower, or any Subsidiary of Borrower issues any Debt Securities (including, without limitation, any Subordinated Debt Securities), other than Debt referred to in Section 11.1 hereof,

no later than the third Business Day following the date of receipt of the proceeds from such issuance, Borrower shall make a prepayment in respect of the Obligations equal to the amount of such proceeds, net of underwriting discounts and commissions and other reasonable costs associated therewith, in prepayment of the Loans and the Revolving Commitments shall be permanently reduced by the amount of such prepayment.

(b) Optional. Subject to Section 5.2 and the provisions of this

clause (b), Borrower may, at any time and from time to time without premium or penalty upon prior

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notice to Administrative Agent as specified in Section 5.3, prepay or repay

any Loan in full or in part. Loans subject to a Libor Account may be prepaid or repaid only on the last day of the Interest Period applicable thereto unless Borrower pays to Administrative Agent, for the account of the applicable Lenders, any amounts due under Section 6.5 as a result of

such prepayment or repayment.

Section 5.5 Method of Payment. Except as otherwise expressly provided

herein, all payments of principal, interest, and other amounts to be made by Borrower or any other Loan Party under the Loan Documents shall be made to Administrative Agent at the Principal Office for the account of each Lender's Applicable Lending Office in Dollars and in immediately available funds, without set-off, deduction, or counterclaim, not later than 12:00 noon on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Borrower shall, at the time of making each such payment, specify to Administrative Agent the sums payable under the Loan Documents to which such payment is to be applied (and in the event that Borrower fails to so specify, or if an Event of Default has occurred and is continuing, Administrative Agent may apply such payment to the Obligations in such order and manner as it may elect in its sole discretion, subject to Section 5.6 and provided that when applying

any such amounts to any Loans, Loans subject to Base Rate Accounts shall be prepaid in full prior to any application to Loans subject to Libor Accounts). Each payment received by Administrative Agent under any Loan Document for the account of a Lender shall be paid to such Lender by 3:00 p.m. on the date the payment is deemed made to Administrative Agent in immediately available funds, for the account of such Lender's Applicable Lending Office. Whenever any payment under any Loan Document shall be stated to be due on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of the payment of interest and commitment fee, as the case may be.

Section 5.6 Pro Rata Treatment. Except to the extent otherwise provided

herein: (a) each Loan shall be made by the Lenders holding Commitments for such Loan, each payment of commitment fees under Sections 2.5 and letter of credit

fees under Subsection 2.7(c) shall be made for the account of the Lenders

holding Revolving Commitments and each termination or reduction of the Commitments shall be applied to the Commitments of the Lenders holding the applicable Commitments, pro rata according to their respective Commitment

Percentages (calculated with respect to the Commitments for the Loans in question only); (b) the making, Conversion, and Continuation of Accounts of a particular Type (other than Conversions provided for by Section 6.4) shall be

made pro rata among the Lenders holding Accounts of such Type according to their respective Commitment Percentages (calculated with respect to the Commitments for the Loans in question only); (c) each payment and prepayment of principal of or interest on Loans or Reimbursement Obligations by Borrower shall be made to Administrative Agent for the account of the Lenders holding such Loans or Reimbursement Obligations (or participation interests therein) pro rata in accordance with the respective unpaid principal amounts of such Loans or participation interests held by such Lenders; provided that as long as no

default in the payment of interest exists, payments of interest made when Lenders are holding different types of Accounts applicable to the same Loan as a result of the application of Section 6.4, shall be made to the Lenders in

accordance with the amount of interest owed to each; and (d) the Lenders holding Revolving Commitments shall purchase from the Fronting Bank participations in the Letters of Credit to the extent of their

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respective Commitment Percentages. If at any time payment, in whole or in part, of any amount distributed by Administrative Agent hereunder is rescinded or must otherwise be restored or returned by Administrative Agent as a preference, fraudulent conveyance, or otherwise under any bankruptcy, insolvency, or similar law, then each Person receiving any portion of such amount agrees, upon demand, to return the portion of such amount it has received to Administrative Agent.

Section 5.7 Sharing of Payments. If a Lender shall obtain payment of

any principal of or interest on any of the Obligations due to such Lender hereunder directly (and not through Administrative Agent) through the exercise of any right of set-off, banker's lien, counterclaim, or similar right, or otherwise, it shall promptly purchase from the other Lenders participations in the Obligations held by the other Lenders in such amounts, and make such other adjustments from time to time as shall be equitable to the end that all the Lenders shall share the benefit of such payment pro rata in accordance with the unpaid principal of and interest on the Obligations then due to each of them. To such end, all of the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if all or any portion of such excess payment is thereafter rescinded or must otherwise be restored. Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any Lender so purchasing a participation in the Obligations held by the other Lenders may exercise all rights of set-off, banker's lien, counterclaim, or similar rights with respect to such participation as fully as if such Lender were a direct holder of Obligations in the amount of such participation. Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of Borrower.

Section 5.8 Non-Receipt of Funds by Administrative Agent. Unless

Administrative Agent shall have been notified by a Lender or Borrower (the "Payor") prior to the date on which such Lender is to make payment to

Administrative Agent hereunder or Borrower is to make a payment to Administrative Agent, for the account of one or more of the Agents or the Lenders, as the case may be (such payment being herein called the "Required

Payment"), which notice shall be effective upon receipt, that the Payor does not

intend to make the Required Payment to Administrative Agent, Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if the Payor has not in fact made the Required Payment to Administrative Agent, (a) the recipient of such payment shall, on demand, pay to Administrative Agent the amount made available to it together with interest thereon in respect of the period commencing on the date such amount was so made available by Administrative Agent until the date Administrative Agent recovers such amount at a rate per annum equal to the Federal Funds Rate for such period, and (b) Administrative Agent shall be entitled to offset against any and all sums to be paid to such recipient, the amount calculated in accordance with the foregoing clause (a).

Section 5.9 Participation Obligations Absolute; Failure to Fund

Participation. The obligations of a Lender holding a Revolving Commitment to

fund its participation in the Letters of Credit in accordance with the terms hereof shall be absolute, unconditional and irrevocable and shall be performed

strictly in accordance with the terms of the Loan Documents under all circumstances whatsoever, including, without limitation, the following circumstances: (a) any lack of validity of any Loan Document; (b) the occurrence of any Default; (c) the existence of any claim, set-off, counterclaim, defense, or other right which such Lender, any Loan Party, or any other Person may

have; (d) the occurrence of any event that has or could reasonably be expected to have a Material Adverse Effect on Borrower or any other Loan Party; (e) the failure of any condition to a Loan under Article 8 hereof to be satisfied; (f)

the fact that after giving effect to the funding of the participation the Outstanding Revolving Credit may exceed the aggregate Revolving Commitments or the Borrowing Base; or (g) any other circumstance whatsoever, whether or not similar to any of the foregoing. If a Lender fails to fund its participation in a Letter of Credit as required hereby, such Lender shall, subject to the foregoing proviso, remain obligated to pay to Administrative Agent the amount it failed to fund on demand together with interest thereon in respect of the period commencing on the date such amount should have been funded until the date the amount was actually funded to Administrative Agent at a rate per amount equal to the Federal Funds Rate for such period and Administrative Agent shall be entitled to offset against any and all sums to be paid to such Lender hereunder the amount due Administrative Agent or the Fronting Bank under this sentence.

ARTICLE 6

Change in Circumstances

Section 6.1 Increased Cost and Reduced Return.

(a) Increased Cost. If, after the Closing Date, any Regulatory

Change or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any Governmental Authority, central bank, or comparable agency:

(i) shall subject such Lender (or its Applicable Lending Office) to any tax, duty, or other charge with respect to any Libor Accounts, its Notes, or its obligation to make Libor Accounts, or change the basis of taxation of any amounts payable to such Lender (or its Applicable Lending Office) under this Agreement or its Notes in respect of any Libor Accounts (other than franchise taxes or taxes imposed on or measured by the net income of such Lender by the jurisdiction in which such Lender is organized, has its principal office or such Applicable Lending Office or is doing business);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Adjusted Libor Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender (or its Applicable Lending Office), including the Commitments of such Lender hereunder; or

(iii) shall impose on such Lender (or its Applicable Lending Office) or the London interbank market any other condition affecting this Agreement or its Notes or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making, Converting into, Continuing, or maintaining any Libor Accounts or to reduce any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or its Notes with respect to any Libor Accounts, then Borrower shall pay to such Lender on demand such amount or amounts as will compensate such Lender for such increased cost or reduction, as then or previously incurred. If any Lender requests compensation by Borrower under this Section 6.1(a), Borrower may, by notice to such Lender (with a copy to

Administrative Agent), suspend the obligation of such Lender to make or maintain Libor Accounts, or to Convert Base Rate Accounts into Libor Accounts, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 6.4 shall be

applicable); provided that such suspension shall not affect the right of

such Lender to receive the compensation so requested.

(b) Capital Adequacy. If, after the date hereof, any Lender shall

have determined that any Regulatory Change has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time upon demand, Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) Claims Under this Section 6.1. Each Lender shall promptly

notify Borrower and Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to such compensation pursuant to this Section 6.1 and will designate a

different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section 6.1 shall furnish to Borrower and

Administrative Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

Section 6.2 Limitation on Libor Accounts. If on or prior to the first

day of any Interest Period for any Libor Account:

(a) Administrative Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Libor Rate for such Interest Period; or

(b) the Required Lenders determine (which determination shall be conclusive) and notify Administrative Agent that the Adjusted Libor Rate will not adequately and fairly reflect the cost to the Lenders of funding Libor Accounts for such Interest Period;

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then Administrative Agent shall give Borrower prompt notice thereof specifying the amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to make additional Libor Accounts, Continue Libor Accounts, or to Convert Base Rate Accounts into Libor Accounts and Borrower shall, on the last day(s) of the then current Interest Period(s) for the outstanding Libor Accounts, either prepay such Libor Accounts or Convert such Libor Accounts into Base Rate Accounts in accordance with the terms of this Agreement.

Section 6.3 Illegality. Notwithstanding any other provision of this

Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund Libor Accounts hereunder, then such Lender shall promptly notify Borrower and Administrative Agent thereof and such Lender's obligation to make or Continue Libor Accounts and to Convert Base Rate Accounts into Libor Accounts shall be suspended until such time as such Lender may again make, maintain, and fund Libor Accounts (in which case the provisions of Section 6.4 shall be applicable).

Section 6.4 Treatment of Affected Accounts. If the obligation of any

Lender to make a particular Libor Account or to Continue, or to Convert Base Rate Accounts into, Libor Accounts shall be suspended pursuant to Section 6.1 or

Section 6.3 (Accounts of such Type being herein called "Affected Accounts"),

such Lender's Affected Accounts shall be automatically Converted into Base Rate Accounts on the last day(s) of the then current Interest Period(s) for the Affected Accounts (or, in the case of a Conversion required by Section 6.3

hereof, on such earlier date as such Lender may specify to Borrower with a copy to Administrative Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 6.1 or Section 6.3

hereof that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's Affected Accounts have been so

Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Accounts shall be applied instead to its Base Rate Accounts; and

(b) all Accounts that would otherwise be made or Continued by such Lender as Libor Accounts shall be made or Continued instead as Base Rate Accounts, and all Accounts of such Lender that would otherwise be Converted into Libor Accounts shall be Converted instead into (or shall remain as) Base Rate Accounts.

If such Lender gives notice to Borrower (with a copy to Administrative Agent) that the circumstances specified in Section 6.1 or Section 6.3 hereof that gave

rise to the Conversion of such Lender's Affected Accounts no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Libor Accounts made by other Lenders are outstanding, such Lender's Base Rate Accounts shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Libor Accounts, to the extent necessary so that, after giving effect thereto, all Accounts held by the Lenders holding Libor Accounts and by such Lender are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their respective Commitment Percentages.

Section 6.5 Compensation. Upon the request of any Lender, Borrower shall pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to

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compensate it for any loss, cost, or expense (including, without limitation, any such amounts incurred in connection with syndication of the Loans) incurred by it as a result of:

(a) any payment, prepayment, or Conversion by Borrower of a Libor Account for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 13.2) on a date other than the last day of

the Interest Period for such Libor Account; or

(b) any failure by Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article 8 to be satisfied) to borrow, Convert, Continue, or prepay a Libor Account on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

Section 6.6 Taxes.

(a) Withholding Taxes. Except as otherwise provided in this

Agreement, any and all payments by any Loan Party to or for the account of any Lender, any of the Agents or the Fronting Bank hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges, or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender, each of the Agents, or the

Fronting Bank (as applicable), taxes imposed on or measured by its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender (or its Applicable Lending Office), such of the Agents, or the Fronting Bank (as the case may be) is organized, located or doing business or any political subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter referred to as "Taxes"). If a Loan Party shall be

required by law to deduct any Taxes from or in respect of any sum payable under any Loan Document to any Lender, any of the Agents, or the Fronting Bank (as applicable), (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 6.6) such Lender,

such of the Agents, or the Fronting Bank (as applicable) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Loan Party shall make such deductions, (iii) the applicable Loan Party shall pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable law, and (iv) the applicable Loan Party shall furnish to Administrative Agent the original or a certified copy of a receipt evidencing payment thereof.

(b) Stamp Taxes, Etc. In addition, Borrower agrees to pay any and all

present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) Tax Indemnification. BORROWER AGREES TO INDEMNIFY EACH LENDER, EACH OF THE AGENTS, AND THE FRONTING BANK FOR THE FULL

AMOUNT OF TAXES AND OTHER TAXES (INCLUDING, WITHOUT LIMITATION, ANY TAXES OR OTHER TAXES IMPOSED OR ASSERTED BY ANY JURISDICTION ON AMOUNTS PAYABLE UNDER THIS SECTION 6.6) PAID BY SUCH LENDER, SUCH OF THE AGENTS, OR THE FRONTING BANK (AS THE CASE MAY BE) AND ANY LIABILITY (INCLUDING PENALTIES, INTEREST AND EXPENSES) ARISING THEREFROM OR WITH RESPECT THERETO.

Section 6.7 Withholding Tax Exemption. Each Lender organized under the

laws of a jurisdiction outside the U.S., on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by Borrower or Administrative Agent (but only so long as such Lender remains lawfully able to do so), shall provide Borrower and Administrative Agent with (a) if such Lender is a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (i) Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the U.S. is a party which reduces to zero the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the U.S., (ii) Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (iii) any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Code), certifying that such Lender is entitled to a complete exemption from tax on payments pursuant to any of the Loan Documents or (b) if such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a Form W-8, or any subsequent versions thereof or successors thereto (and, if such non-U.S. Lender delivers a Form W-8, a certificate (including any certificate required by Sections 871(h) and 881(c) of the Code) representing that such non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of Borrower and is not a controlled foreign corporation related to Borrower (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such non-U.S. Lender claiming complete exemption from United States Federal withholding tax on payments of interest by Borrower under this Agreement and the other Loan Documents. For any period with respect to which a Lender has failed to provide Borrower and Administrative Agent with the appropriate form pursuant to this Section 6.7 and thereby to establish complete exemption from U.S.

withholding tax (unless such failure to establish complete exemption from U.S. withholding tax is due to a change in treaty, law, or regulation occurring subsequent to the date on which a form originally was required to be provided), (A) the applicable Loan Party shall deduct all required Taxes from any amounts payable to such Lender under any Loan Document, (B) the applicable Loan Party shall pay the full amount allocated to the relevant taxing authority or other authority in accordance with applicable law, (C) the applicable Loan Party shall furnish to Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, and (D) such Lender shall not be entitled to an indemnification or increases in the sum payable under Section 6.6 or Section

14.5 with respect to Taxes imposed by the U.S.; provided, however, that should a

Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form

required hereunder, Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

Section 6.8 Mitigation. If Borrower is required to pay additional

amounts to or for the account of any Lender pursuant to this Article 6, then

such Lender will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional

payment which may thereafter accrue if such change, in the reasonable judgment of such Lender, is not otherwise disadvantageous to such Lender.

ARTICLE 7

Security

Section 7.1 Collateral. To secure the full and complete payment and

performance of the Obligations, Borrower shall, and, to secure the Subsidiary Guaranty, Borrower shall cause each Subsidiary of Borrower, other than the Foreign Subsidiaries, to grant to Administrative Agent, for the benefit of the Agents and the Lenders, a perfected, first priority Lien on all of its right, title, and interest in and to the following Property, whether now owned or hereafter acquired, pursuant to the Security Documents:

(a) all Capital Stock of each Subsidiary of Borrower other than Foreign Subsidiaries (whether present or future), owned as of the Closing Date or thereafter acquired by Borrower or any Domestic Subsidiary of Borrower;

(b) 65% of the shares of each class of Capital Stock of each Foreign Subsidiary (whether present or future) that is a direct, wholly-owned Subsidiary of Borrower or of a Domestic Subsidiary of Borrower, owned as of the Closing Date or thereafter acquired by Borrower or such Domestic Subsidiary; and

(c) all other Property of Borrower and, for purposes of securing the Subsidiary Guaranty, each Subsidiary of Borrower, other than the Foreign Subsidiaries, owned as of the Closing Date or thereafter acquired, including, without limitation, all accounts (including, without limitation, Receivables), inventory (including, without limitation, Inventory), equipment, furniture, fixtures, contract rights, general intangibles, documents, instruments, investment property, chattel paper, permits, Intellectual Property, intercompany Debt, licenses, and material real Property.

Except as set forth in Schedule 7.1, Borrower covenants that none of the Capital

Stock to be pledged, in accordance with this Section 7.1 shall be subject to any

transfer restrictions, shareholders' agreement, or other restriction except for such restrictions under applicable securities laws and such restrictions, if any, as may be reasonably acceptable to Administrative Agent. In connection with and in addition to the foregoing, Borrower and its Subsidiaries shall execute and/or deliver such Security Documents and further agreements, documents, and instruments (including, without limitation, stock certificates, stock powers, and financing statements) as Administrative Agent may reasonably request in order for it to obtain and maintain the perfected, first priority Liens to be granted in accordance with this Section 7.1.

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Section 7.2 Guaranties. Each Domestic Subsidiary shall guarantee

payment and performance of the Obligations pursuant to the Subsidiary Guaranty.

Section 7.3 New Subsidiaries, New Issuances of Capital Stock.

Contemporaneously with the creation or acquisition of any Subsidiary of Borrower (other than a Foreign Subsidiary) Borrower shall, and shall cause each of its Subsidiaries to:

(a) grant or cause to be granted to Administrative Agent, for the benefit of the Agents and the Lenders, a perfected, first priority security interest in all Capital Stock in such Subsidiary owned by Borrower or its Domestic Subsidiaries (to the extent such Capital Stock is not already so pledged to Administrative Agent);

(b) cause each such Subsidiary to Guarantee the payment and performance of the Obligations by executing and delivering to Administrative Agent an appropriate Guaranty; and

(c) cause each such Subsidiary to execute and deliver to Administrative Agent an appropriate Security Agreement and such other Security Documents as Administrative Agent may reasonably request to grant Administrative Agent, for the benefit of the Agents and the Lenders, a perfected, first priority Lien (except for Permitted Liens, if any) on all Property of such Subsidiary in order to secure such Subsidiary's Guaranty.

Contemporaneously with the issuance of any additional Capital Stock of any Subsidiary of Borrower, Borrower shall, and shall cause each of its Subsidiaries

to, grant or cause to be granted to Administrative Agent, for the benefit of the Agents and the Lenders, a perfected, first priority security interest in all Capital Stock in such Subsidiary owned by Borrower, or any Subsidiary of Borrower (to the extent such Capital Stock are already not so pledged to Administrative Agent). Borrower covenants that none of the Capital Stock to be pledged in accordance with this Section 7.3 shall be subject to any transfer

restriction, shareholders agreement, or other restriction except for such restrictions under applicable securities laws and such restrictions, if any, as may be reasonably acceptable to Administrative Agent. Notwithstanding anything to the contrary contained in this Section 7.3, (i) neither Borrower nor any

Subsidiary of Borrower shall be obligated to pledge more than 65% of each class of the issued and outstanding capital stock of any Foreign Subsidiary that is a direct, wholly-owned Subsidiary of Borrower or its Domestic Subsidiaries or to pledge any Capital Stock of any Subsidiary of any such Foreign Subsidiaries, (ii) no Foreign Subsidiary shall be obligated to execute a Guaranty guaranteeing payment or performance of the Obligations, and (iii) no Foreign Subsidiary shall be obligated to execute a Security Agreement securing payment or performance of the Obligations. In connection with and in addition to the foregoing, Borrower and its Subsidiaries shall execute and/or deliver such further agreements, documents and instruments (including, without limitation, stock certificates, stock powers, and financing statements) as Administrative Agent may reasonably request in order for it to obtain and maintain the perfected, first priority Liens to be granted in accordance with this Section 7.3.

Section 7.4 New Mortgaged Properties. If requested by Administrative Agent, Borrower shall, and shall cause each of its Subsidiaries other than its Foreign Subsidiaries to, contemporaneously with the acquisition of any fee real Property, execute, acknowledge and deliver

to Administrative Agent a Mortgage or an amendment or modification to a then existing Mortgage covering all fee real Property acquired by Borrower or any of such Subsidiaries subsequent to the Closing Date, together with evidence reasonably satisfactory to Administrative Agent and its counsel, including, without limitation, if requested by Administrative Agent, a commitment for a mortgagee policy of title insurance or a title opinion in favor of Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent, that the Mortgage creates a valid, first priority Lien on the fee estate in favor of Administrative Agent, for the benefit of the Agents and the Lenders (except for Permitted Liens, if any), together with appraisals and surveys if requested by Administrative Agent. Following the date of each such acquisition of Property, if requested by Administrative Agent, Borrower shall, and shall cause each of its Subsidiaries (other than its Foreign Subsidiaries) with an interest in such Properties to, (a) deliver or cause to be delivered to Administrative Agent, a mortgagee policy of title insurance insuring the Liens of the Mortgage covering such fee real Property in an amount reasonably satisfactory to Administrative Agent on standard form policies (except for Permitted Liens, if any) and (b) provide Administrative Agent with a current environmental assessment of such Property in form and substance reasonably satisfactory to Administrative Agent.

Section 7.5 Release of Collateral. Upon any sale, transfer or other disposition of Collateral that is expressly permitted under Section 11.8 and upon five Business Days prior written request by Borrower, Administrative Agent shall execute at Borrowers expense such documents as may be necessary to evidence the release by Administrative Agent of its Liens on such Collateral being sold, transferred, or otherwise disposed of; provided, however, that (a) Administrative Agent shall not be required to release any Lien on any Collateral if a Default shall have occurred and be continuing, (b) Administrative Agent shall not be required to execute any such document on terms which, in Administrative Agents opinion, would expose Administrative Agent to liability or create any obligation not reimbursed by Borrower or entail any consequences other than the release of such Lien without recourse or warranty, and (c) such release shall not in any manner discharge, affect or impair any of the Obligations or any of Administrative Agents Liens on any Collateral retained by Borrower or any of its Subsidiaries, including, without limitation, its Liens on the proceeds of any such sale, transfer or other disposition.

ARTICLE 8

Conditions Precedent

Section 8.1 Initial Loan and Letter of Credit. The obligation of each Lender to make its initial Loan and the obligation of Administrative Agent to

issue the initial Letter of Credit are subject to the following conditions precedent:

(a) Deliveries. Administrative Agent shall have received on or -----
before the Closing Date and on or before the day of any such Loan or Letter of Credit all of the following, each dated (unless otherwise indicated) the Closing Date, in form and substance reasonably satisfactory to Administrative Agent:

(i) Resolutions; Authority. Resolutions of the board of -----
directors (or similar governing body) of each Loan Party certified by its Secretary or an Assistant

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Secretary which authorize its execution, delivery, and performance of the Loan Documents to which it is or is to be a party;

(ii) Incumbency Certificate. A certificate of incumbency -----
certified by the Secretary or an Assistant Secretary of each Loan Party certifying the names of its officers (A) who are authorized to sign the Loan Documents to which it is or is to be a party (including the certificates contemplated herein) together with specimen signatures of each such officer and (B) who will, until replaced by other officers duly authorized for that purpose, act as its representative for the purposes of signing documentation and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby;

(iii) Organizational Documents. The certificate of -----
incorporation of each Loan Party certified by the Secretary of State of the state of its incorporation and dated a current date;

(iv) Bylaws. The bylaws of each Loan Party certified by its -----
Secretary or an Assistant Secretary;

(v) Governmental Certificates. Certificates of the -----
appropriate government officials of the state of incorporation of each Loan Party as to its existence and, to the extent applicable good standing, and certificates of the appropriate government officials of each state in which each Loan Party's principal business office is located, as to each Loan Party's qualification to do business and good standing in such state, all dated a current date;

(vi) Notes. The Notes executed by Borrower dated the date -----
hereof;

(vii) Guaranties. The Guaranties executed by the Domestic -----
Subsidiaries of Borrower;

(viii) Lien Search Reports. UCC, tax, and judgment Lien search -----
reports listing all documentation on file against Borrower and its Domestic Subsidiaries in the central filing locations of each jurisdiction in which any such Party's business offices are located and in the local filing offices of each jurisdiction in which such party's principal business office is located;

(ix) Termination or Assignment of Liens. Duly executed UCC-3 -----
termination statements, mortgage releases, and such other documentation as shall be necessary to terminate, release, or assign to Administrative Agent all Liens securing the Debt described on Schedule 2.4 and all other Liens other than those permitted by Section -----
11.2 hereof;

(x) Security Agreements. Security Agreements executed by -----
each of the Loan Parties;

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(xi) Stock Certificates. The stock certificates

representing all of the issued and outstanding Capital Stock the Domestic Subsidiaries and 65% of the outstanding Capital Stock of its first tier Foreign Subsidiaries, in each case accompanied by appropriate instruments of transfer or stock powers executed in blank (as appropriate), or registration of Administrative Agent's Lien, in form and substance satisfactory to Administrative Agent (in the case of book entry securities);

(xii) Financing Statements. UCC Financing statements and all

other requisite filing documents executed by the Loan Parties necessary to perfect the Liens created pursuant to the Security Documents;

(xiii) Consents. Copies of all material consents or waivers

(other than consents or waivers previously delivered to Administrative Agent and certified by a Loan Party as being true and correct copies) necessary for the execution, delivery, and performance by each of the Loan Parties of the Loan Documents to which it is a party, as Administrative Agent may require, which consents shall be certified by an Authorized Representative of the applicable Loan Party as true and correct copies of such consents as of the Closing Date;

(xiv) Permits. Copies of all material permits (other than

permits previously delivered to Administrative Agent and certified by a Loan Party as being true and correct copies) affecting Borrower or any of its Subsidiaries in connection with its businesses or any of the Properties owned or leased by it, and evidence satisfactory to Administrative Agent that Borrower and its Subsidiaries are able to conduct their businesses with the use of such permits in full force and effect;

(xv) Insurance Policies. Certificates of insurance

summarizing the insurance policies of Borrower and its Subsidiaries required by this Agreement and reflecting Administrative Agent as additional insured under such policies;

(xvi) Opinions of Counsel. Opinions of legal counsel to

Borrower and the Subsidiaries of Borrower, and as to such matters, as Administrative Agent may reasonably request;

(xvii) Fees. The underwriting and structuring fees set forth

in that certain letter dated January 13, 1999, from Agents to Borrower, as the same may be amended from time to time (such fees are expected to be paid on the Closing Date);

(xviii) Employment Agreements. Copies of all employment

contracts or other compensation arrangements between Borrower and any of its Subsidiaries and their respective executive officers as Administrative Agent shall reasonably request;

(xix) Letter of Direction. A letter of direction from

Borrower addressed to Administrative Agent with respect to the disbursement of the proceeds of the initial Loans;

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(xx) Borrowing Base Certificate. A Borrowing Base Certificate

calculating the Borrowing Base as of January 28, 1999; and

(xxi) Schedules. The Schedules to be attached hereto in form

and substance satisfactory to Lenders in their sole discretion.

(b) Financial Statements. Receipt and satisfactory review by

Administrative Agent of the consolidated financial statements of Borrower and its Subsidiaries for the transition period ended December 27, 1997, including balance sheets, income and cash flow statements audited by independent public accountants of recognized national standing and prepared in conformity with GAAP and such other financial information as Administrative Agent may request.

(c) Attorneys' Fees and Expenses. The reasonable costs and

expenses (including attorneys' fees) referred to in Section 15.1 hereof for

which statements have been presented shall have been paid in full;

(d) Compliance with Laws. As of the Closing Date, each Loan Party

shall have complied with all requirements of all Governmental Authorities necessary to consummate the transactions contemplated by this Agreement and the other Loan Documents;

(e) No Prohibitions. No requirement of any Governmental Authority

shall prohibit the consummation of the transactions contemplated by this Agreement or any other Loan Document, and no order, judgment, or decree of any Governmental Authority or arbitrator shall, and no litigation or other proceeding shall be pending or threatened which would, enjoin, prohibit, restrain, or otherwise adversely affect in any material manner the consummation of the transactions contemplated by this Agreement and the other Loan Documents or otherwise have a Material Adverse Effect on Borrower or any other Loan Party;

(f) No Material Adverse Change. As of the Closing Date, no material

adverse change shall have occurred with respect to the condition (financial or otherwise), results of operations, business, operations, capitalization, assets, liabilities, or prospects of Borrower and its Subsidiary taken as a whole since December 27, 1997 (other than a pre-tax loss not in excess of Fifty-Five Million Dollars (\$55,000,000) occurring in Borrower's fourth Fiscal Quarter of its 1998 Fiscal Year), and Administrative Agent shall be satisfied that the economic performance of Borrower and each of its Subsidiaries to the Closing Date is not materially different from the economic projections for Borrower and each of its Subsidiaries through the Closing Date that were previously submitted to Administrative Agent;

(g) No Material Litigation. Except as set forth in Schedule 9.5

hereto, as of the Closing Date, no action, suit, investigation, or proceeding shall be pending or threatened before any Governmental Authority that purports to affect Borrower or any Subsidiary of Borrower that could result in a Material Adverse Effect on Borrower or that could have an adverse effect on the ability of Borrower or any Subsidiary of Borrower to perform their Obligations under the Loan Documents;

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(h) Compliance With Financial Obligations. As of the Closing

Date, each of Borrower and the Subsidiaries of Borrower shall be in compliance with all of their respective existing financial obligations except where failure to be in compliance could not have a Material Adverse Effect;

(i) Due Diligence Review. Receipt and review, with results

reasonably satisfactory to Administrative Agent and its counsel, of information regarding litigation, tax, accounting, labor, insurance, pension liabilities (actual or contingent), real estate leases, material contracts, debt agreements, property ownership, environmental matters, contingent liabilities and management of Borrower and its subsidiaries which information may include, if requested by Administrative Agent, a written audit of the accounts receivable, controls and systems of Borrower and its Subsidiaries.

(j) Year 2000 Matters. Receipt and review, with results

reasonably satisfactory to Administrative Agent, of information confirming that (a) Borrower and its Subsidiaries are taking all necessary and appropriate steps to ascertain the extent of, and to quantify and successfully address, business and financial risks facing Borrower and its Subsidiaries as a result of the Year 2000 Problem, including risks resulting from the failure of key vendors and customers of Borrower and its Subsidiaries to successfully address the Year 2000 Problem, and (b) Borrower's and its Subsidiaries' material computer applications and those of its key vendors and customers will, on a timely basis, adequately address the Year 2000 Problem in all material respects.

(k) No Material Market Changes. The absence of any material

disruption of or material adverse change in conditions in the financial, banking or capital markets which Administrative Agent and Syndication Agent, in their reasonable discretion, deem material in connection with the syndication of the Loans or of the senior credit facility expected to refinance the Loans.

(1) Additional Documentation. Administrative Agent shall have

received such additional approvals, opinions, or other documentation as
Administrative Agent may reasonably request.

Section 8.2 All Loans and Letters of Credit. The obligation of each

Lender to make any Loan (including the initial Loans) and the obligation of the
Fronting Bank to issue any Letter of Credit (including any initial Letter of
Credit) are subject to the following additional conditions precedent:

(a) No Default. No Default shall have occurred and be

continuing, or would result from such Loan or Letter of Credit; and

(b) Representations and Warranties. All of the representations

and warranties contained in Article 9 hereof and in the other Loan

Documents shall be true and correct in all material respects on and as of
the date of such Loan or Letter of Credit with the same force and effect as
if such representations and warranties had been made on and as of such

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date except to the extent that such representations and warranties relate
specifically to another date, and except as to transactions permitted
hereunder.

Each notice of borrowing by Borrower hereunder, and each request for the
issuance of a Letter of Credit, shall constitute a representation and warranty
by Borrower that the conditions precedent set forth in subsection 8.1(a) and

subsection 8.1(b) hereof have been satisfied (both as of the date of such notice

and, unless Borrower otherwise notifies Administrative Agent prior to the date
of such borrowing or Letter of Credit, as of the date of such borrowing or
Letter of Credit).

ARTICLE 9

Representations and Warranties -----

To induce the Agents and the Lenders to enter into this Agreement, Borrower
represents and warrants to the Agents and the Lenders that the following
statements are, and, after giving effect to the transactions contemplated
hereby, will be true, correct, and complete:

Section 9.1 Corporate Existence. -----

(a) Except as set forth in Schedule 9.1 (any such exception to be

cured within thirty (30) days of the Closing Date), Borrower and each
Subsidiary of Borrower is (i) a corporation duly organized, validly
existing, and in good standing under the laws of the jurisdiction of its
incorporation; (ii) has all requisite power and authority to own its assets
and carry on its business as now being or as proposed to be conducted; and
(iii) is qualified to do business in all jurisdictions in which the nature
of its business makes such qualification necessary and where failure to so
qualify would have a Material Adverse Effect;

(b) Each Loan Party has the power and authority to execute,
deliver, and perform its respective obligations under the Loan Documents to
which it is or may become a party.

Section 9.2 Financial Condition. -----

(a) Financial Statements. All financial statements concerning

Borrower and its Subsidiaries delivered at any time to Administrative Agent
or any Lender have been, and at all times subsequent to the Closing Date
shall be, prepared in accordance with GAAP, and present fairly, in all
material respects the financial condition of Borrower and its Subsidiaries
as of the respective dates indicated therein and the results of operations
for the respective periods indicated therein. Neither Borrower nor any
Subsidiary of Borrower has any material contingent liabilities, liabilities
for taxes, unusual forward or long-term commitments, or unrealized or
anticipated losses from any unfavorable commitments except as referred to
or reflected in such financial statements.

(b) Projections. The Projections delivered and to be delivered

have been and will be prepared by Borrower in light of the past operation of the business of Borrower and its Subsidiaries. The Projections represent, as of the date thereof, a good faith estimate by Borrower and its senior management of the financial conditions and performance of

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Borrower and its Subsidiaries based on assumptions believed to be reasonable at the time made.

Section 9.3 Corporate Action; No Breach. Except as set forth in

Schedule 9.3, the execution, delivery, and performance by each Loan Party of the

Loan Documents to which each is or may become a party and compliance with the terms and provisions thereof have been duly authorized by all requisite action on the part of each Loan Party and do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the articles of incorporation, certificate of formation, bylaws, or operating agreement of any Loan Party, (ii) any applicable law, rule, or regulation or any order, writ, injunction, or decree of any Governmental Authority or arbitrator, or (iii) any agreement or instrument to which any Loan Party is a party or by which any of them or any of their property is bound or subject, or (b) constitute a default under any such agreement or instrument, or result in the creation or imposition of any Lien upon any of the revenues or assets of any Loan Party.

Section 9.4 Operation of Business. Each Loan Party possesses all

material licenses, permits, franchises, patents, copyrights, trademarks, and tradenames, or rights thereto, necessary to conduct its respective businesses substantially as now conducted and as presently proposed to be conducted, and no Loan Party is in violation of any valid rights of others with respect to any of the foregoing where such violation could reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 9.4, since the last

Saturday of 1997, the Loan Parties have conducted their respective businesses only in the ordinary and usual course, except for transactions permitted hereby.

Section 9.5 Litigation and Judgments. Except as set forth in

Schedule 9.5, to Borrower's knowledge there is no action, suit, investigation,

or proceeding before or by any Governmental Authority or arbitrator pending or threatened against or affecting any Loan Party which could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, except as set forth in Schedule 9.5, there are no outstanding judgments against any Loan

Party.

Section 9.6 Rights in Properties; Liens. Except as set forth in

Schedule 9.6, each Loan Party has good title to or valid leasehold interests in

its respective properties and assets, real and personal, including, as of the Closing Date, the properties, assets, and leasehold interests reflected in the most recent financial statements described in Section 9.2 (except for any

thereof disposed of in compliance with Section 11.8), and none of such

properties, assets, or leasehold interests of any Loan Party is subject to any Lien, except as permitted by Section 11.2. Except as disclosed on Schedule

9.6(a), as of the Closing Date, no Loan Party owns any material right, title, or

interest in any real Properties. Except as disclosed on Schedule 9.6(b), as of

the Closing Date, no Loan Party owns any right, title, or interest of a material nature in Intellectual Property that is registered with any Governmental Authority. As of the Closing Date, Schedule 9.6(c) sets forth the locations of

all of the offices and other places of business of the Loan Parties and the locations of all of the material Properties of the Loan Parties, as well as the identities of the Loan Parties who conduct business or own Properties at such locations and the identities of the predecessor entities who previously conducted business or owned Properties at such locations and whose Capital Stock or assets were acquired by any Loan Party. The Lenders' Lien on the Collateral required by Article 7 constitutes a perfected first priority Lien subject only

to Permitted Liens.

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Section 9.7 Enforceability. The Loan Documents to which any Loan Party

is a party, when delivered, shall constitute the legal, valid, and binding obligations of the applicable Loan Party, enforceable against such Loan Party in accordance with their respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditors' rights and general principles of equity.

Section 9.8 Approvals. No authorization, approval, or consent of, and

no filing or registration with, any Governmental Authority or other third party is or will be necessary for the execution, delivery, or performance by any Loan Party of the Loan Documents to which each is or may become a party or for the validity or enforceability thereof except for such authorizations, approvals, consents, filings, and registrations which have been obtained.

Section 9.9 Debt. Except as set forth in Schedule 9.9, no Loan Party has

any Debt, except as permitted by Section 11.1.

Section 9.10 Taxes. Except as set forth in Schedule 9.10, the Loan

Parties have filed all material tax returns (federal, state, and local) required to be filed, including all material income, franchise, employment, property, and sales tax returns, and have paid all of their respective material liabilities for taxes, assessments, governmental charges, and other levies that are due and payable other than those being contested in good faith by appropriate proceedings diligently pursued for which adequate reserves have been established in accordance with GAAP. Except as set forth in Schedule 9.10, Borrower knows

of no pending investigation of any Loan Party by any taxing authority with respect to any material liability for tax or of any pending but unassessed material tax liability of any Loan Party.

Section 9.11 Margin Securities. No Loan Party is engaged principally,

or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U, or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

Section 9.12 ERISA. With respect to each Plan, each Loan Party is in

substantial compliance with all applicable provisions of ERISA. Neither a Reportable Event nor a Prohibited Transaction has occurred and is continuing with respect to any Plan. Except for termination of Borrower's Plans on the Closing Date, no notice of intent to terminate a Plan has been filed, nor has any Plan been terminated. No circumstances exist which constitute grounds entitling the PBGC to institute proceedings to terminate, or appoint a trustee to administer, a Plan, nor has the PBGC instituted any such proceedings. No Loan Party nor any ERISA Affiliate has completely or partially withdrawn from a Multiemployer Plan. The Loan Parties and each ERISA Affiliate have met their minimum funding requirements under ERISA with respect to each Plan. Except as set forth in Schedule 9.12 hereto, the present value of all vested benefits

under each Plan do not exceed the fair market value of all Plan assets allocable to such benefits, as determined on the most recent valuation date of the Plan and in accordance with ERISA. No Loan Party nor any ERISA Affiliate has any outstanding liability to the PBGC under ERISA (other than liability for the payment of PBGC premiums in the ordinary course of business).

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Section 9.13 Disclosure. All factual information furnished by or on

behalf of any Loan Party in writing to the Agents or any Lender in this Agreement, the Schedules hereto, the other Loan Documents, or the documents listed on Schedule 9.13 hereto, and all other such factual information hereafter

furnished by or on behalf of any Loan Party to the Agents or any Lender, are and will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information not misleading in any material respect at such time in light of the circumstances under which such information was provided.

Section 9.14 Subsidiaries; Capitalization. Schedule 9.14 sets forth as

of the Closing Date the jurisdiction of incorporation or organization of Borrower and each Subsidiary of Borrower, the percentage of Borrower's or

another Subsidiary's (as applicable) ownership of the outstanding Voting Stock of each Subsidiary of Borrower, and the authorized, issued, and outstanding Capital Stock of Borrower and each Subsidiary of Borrower. All of the outstanding Capital Stock of Borrower and each Subsidiary of Borrower has been validly issued, is fully paid, is nonassessable, and has not been issued in violation of any preemptive or similar rights. Except as disclosed in Schedule

9.14, there are (a) no outstanding subscriptions, options, warrants, calls, or

rights (including preemptive rights) to acquire, and no outstanding securities or instruments convertible into, Capital Stock of any Subsidiary of Borrower to which Borrower or any Subsidiary of Borrower is a party, and (b) no shareholder agreements, voting trusts, or similar agreements in effect and binding on any shareholder of Borrower or any Subsidiary of Borrower or the Capital Stock of any Subsidiary of Borrower to which Borrower or any Subsidiary of Borrower is a party. All shares of Capital Stock of Borrower and each Subsidiary of Borrower were issued in compliance with all applicable state and federal securities laws.

Section 9.15 Agreements. Except as set forth in Schedule 9.15, no Loan

Party is a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate restriction that is so unusually burdensome as could have a Material Adverse Effect with respect to such Loan Party. No Loan Party is in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument to which it is a party where such default could reasonably be expected to cause a Material Adverse Effect with respect to such Loan Party.

Section 9.16 Compliance with Laws. No Loan Party is in violation of any

law, rule, regulation, order, or decree of any Governmental Authority or arbitrator except for unintentional violations which could not reasonably be expected to have a Material Adverse Effect with respect to such Loan Party.

Section 9.17 Investment Company Act. No Loan Party is an "investment

company" within the meaning of the Investment Company Act of 1940, as amended.

Section 9.18 Public Utility Holding Company Act. No Loan Party is a

"holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or a "public utility" within the meaning of the Public Utility Borrower Company Act of 1935, as amended.

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Section 9.19 Environmental Matters.

Except as disclosed on Schedule 9.19:

(a) Each Loan Party, and all of their respective properties, assets, and operations are in compliance in all material respects with all Environmental Laws. Borrower is not aware of, nor has any Loan Party received notice of, any past, present, or future conditions, events, activities, practices, or incidents which may interfere with or prevent the compliance or continued compliance of the Loan Parties with all Environmental Laws except for such noncompliance as could not reasonably be expected to have a Material Adverse Effect on Borrower;

(b) The Loan Parties have obtained and maintained, and are in material compliance with, all material permits, licenses, and authorizations that are required under applicable Environmental Laws;

(c) No Hazardous Materials exist on, about, or within or have been used, generated, stored, transported, disposed of on, or Released from any of the properties or assets of any Loan Party (other than lubricants, cleaning solutions, and similar materials used for maintenance in the ordinary course of business). The use which the Loan Parties make and intend to make of their respective properties and assets will not result in the use, generation, storage, transportation, accumulation, disposal, or Release of any Hazardous Material on, in, or from any of their properties or assets (other than lubricants, cleaning solutions, and similar materials used for maintenance in the ordinary course of business);

(d) No Loan Party nor any of their respective currently or previously owned or leased properties or operations is subject to any outstanding or threatened order from or agreement with any Governmental Authority or other Person or subject to any judicial or administrative proceeding with respect to (i) failure to comply with Environmental Laws, (ii) Remedial Action, or (iii) any Environmental Liabilities arising from a Release or threatened Release;

(e) There are no conditions or circumstances associated with the currently or previously owned or leased properties or operations of any Loan Party that could reasonably be expected to result in any Environmental Liabilities, except as could not reasonably be expected to result in a Material Adverse Effect on Borrower;

(f) No Loan Party is a treatment, storage, or disposal facility requiring a permit under the Resource Conservation and Recovery Act, 42 U.S.C. ' 6901 et seq., regulations thereunder or any comparable provision of state law. Except as would not reasonably be expected to have a Material Adverse Effect with respect to any Loan Party, as the case may be, the Loan Parties are in compliance with all applicable financial responsibility requirements of all applicable Environmental Laws;

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(g) Except as would not reasonably be expected to have a Material Adverse Effect with respect any Loan Party, as the case may be, no Loan Party has filed or failed to file any notice required under applicable Environmental Law reporting an unauthorized Release; and

(h) No Lien arising under any Environmental Law has attached to any property or revenues of any Loan Party.

Section 9.20 Broker's Fees. No broker's or finder's fee, commission or

similar compensation will be payable by any Loan Party with respect to the transactions contemplated by this Agreement. No other similar fees or commissions will be payable by any Loan Party to any Person (other than the Agents and the Lenders) for any other services rendered to any Loan Party ancillary to this Agreement.

Section 9.21 Employee Matters. Except as set forth on Schedule 9.21

hereto, as of the Closing Date, (a) no Loan Party, nor any of their respective employees, is subject to any collective bargaining agreement, (b) no petition for certification or union election is pending with respect to the employees of any Loan Party and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any Loan Party, and (c) there are no strikes, slowdowns, work stoppages, or controversies pending or, to the best knowledge of Borrower after due inquiry, threatened between any Loan Party and its respective employees.

Section 9.22 Solvency. Except as set forth in Schedule 9.22, as of and

from and after the date of this Agreement and after giving effect to the consummation of the transactions contemplated hereby, each of the Loan Parties individually and on a consolidated basis is Solvent.

Section 9.23 Year 2000 Compliance. Except as set forth in Schedule

9.23, Borrower has (i) undertaken a detailed review and assessment of all areas

within the business and operations of it and its Subsidiaries that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer

applications used by Borrower or its Subsidiaries may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (ii) developed a detailed plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) to date, implemented that plan in accordance with that timetable. Borrower reasonably anticipates that all computer applications that are material to the business and operations of it and its Subsidiaries will on a timely basis be able to perform properly date-sensitive functions for all dates before and after January 1, 2000 (that is, be "Year 2000 Compliant").

ARTICLE 10

Positive Covenants

Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any Commitment hereunder or any Letter of Credit remains outstanding, it will perform and observe the following positive covenants:

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Section 10.1 Reporting Requirements. Borrower will furnish to

Administrative Agent and each Lender:

(a) Annual Financial Statements. As soon as available, and in

any event within ninety (90) days after the end of each Fiscal Year of Borrower, beginning with Fiscal Year 1998, (i) a copy of the annual audit report of Borrower and its Subsidiaries for such Fiscal Year containing, on a consolidated basis, balance sheets and statements of income, retained earnings, and cash flow as at the end of such Fiscal Year and for the Fiscal Year then ended, in each case setting forth in comparative form the figures for the preceding Fiscal Year, all in reasonable detail and audited and certified on an unqualified basis by independent certified public accountants of recognized standing selected by Borrower and reasonably acceptable to Administrative Agent, to the effect that such report has been prepared in accordance with GAAP; (ii) a copy of the annual unaudited report of Borrower and its Subsidiaries for such Fiscal Year containing, on a consolidating basis balance sheets and statements of income, retained earnings, and cash flow as at the end of such Fiscal Year and for the Fiscal Year then ended, in each case setting forth in comparative form the figures for the preceding Fiscal Year, and in reasonable detail certified by the chief executive officer or chief financial officer of Borrower to have been prepared in accordance with GAAP and to fairly present the financial condition and results of operation of Borrower and such significant business divisions, on a consolidating basis at the date and for the Fiscal Year then ended; and (iii) a copy of Projections for each of Borrower's Fiscal Year through the Fiscal Year first ending after the Termination Date;

(b) Quarterly Financial Statements. As soon as available, and in

any event within forty-five (45) days after the end of each of the first three Fiscal Quarters beginning with the Fiscal Quarter ending on the last Saturday of March, 1999, a copy of an unaudited financial report of Borrower and its Subsidiaries as of the end of such period and for the portion of the Fiscal Year then ended containing, on a consolidated basis, balance sheets and statements of income, retained earnings, and cash flow, in each case setting forth in comparative form the figures for the corresponding period of the preceding Fiscal Year, all in reasonable detail certified by the chief executive officer or chief financial officer of Borrower to have been prepared in accordance with GAAP and to fairly present, in all material respects, the financial condition and results of operations of Borrower and its Subsidiaries on a consolidated basis, at the date and for the periods indicated therein, subject to year-end audit adjustments;

(c) Compliance Certificate. As soon as available, and in any

event within forty-five (45) days after the end of each of the first three Fiscal Quarters and accompanying the annual financial statements delivered in accordance with Subsection 10.1(a), a Compliance Certificate, together

with schedules setting forth the calculations supporting the computations therein;

(d) Borrowing Base Certificate. After the Closing Date,

Borrower shall deliver to Administrative Agent as soon as available, but in any event no later than the twentieth day of each month, unless such day falls upon a weekend or a bank holiday in either Texas or

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Massachusetts, in which case such delivery shall be due upon the next succeeding day not a weekend or bank holiday in Texas or Massachusetts, a Borrowing Base Certificate prepared as of the close of business on the last Business Day of the previous month in form acceptable to Administrative Agent;

(e) Notice of Litigation. Promptly after receipt by any Loan Party

of notice of the commencement thereof, notice of all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting any Loan Party which, if determined adversely to such Loan Party, could reasonably be expected to have a Material Adverse Effect with respect to such Loan Party;

(f) Notice of Default. As soon as possible and in any event within

two (2) Business Days after the chief executive officer, president, chief financial officer, the general counsel, any president of a major operating unit, secretary, assistant secretary, treasurer, or any assistant treasurer of Borrower (each an "Authorized Representative") has knowledge of the

occurrence of a Default, a written notice setting forth the details of such Default and the action that Borrower has taken and proposes to take with

respect thereto;

(g) ERISA. As soon as possible and in any event within thirty (30) days after Borrower knows, or has reason to know, that

(i) any Termination Event with respect to a Plan has occurred or will occur, or

(ii) the aggregate present value of the Unfunded Vested Accrued Benefits under all Plans is equal to an amount in excess of \$0, or

(iii) any Loan Party is in "default" (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan required by reason of any Loan Party's complete or partial withdrawal (as described in Section 4203 or 4205 of ERISA) from such Multiemployer Plan,

Borrower will provide Administrative Agent and the Lenders a certificate of its president or its chief financial officer setting forth the details of such event and the action which is proposed to be taken with respect thereto, together with any notice or filing which may be required by the PBGC or any other Governmental Authority with respect to such event.

(h) Notice of Material Adverse Effect. As soon as possible and in any event within two (2) Business Days of the discovery of any event or condition that could reasonably be expected to have a Material Adverse Effect with respect to any Loan Party, written notice thereof;

(i) Proxy Statements, Etc. As soon as available, one copy of each financial statement, report, notice, or proxy statement sent by any Loan Party to its stockholders generally and one copy of each regular, periodic, or special report, registration statement, or

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prospectus filed by any Loan Party with any securities exchange or the Securities and Exchange Commission or any successor agency; and

(j) General Information. Promptly, such other information concerning any Loan Party as Administrative Agent or any Lender may from time to time reasonably request.

Section 10.2 Maintenance of Existence; Conduct of Business. Except as permitted by Section 11.3, Borrower will, and will cause each of its

Subsidiaries to, preserve and maintain its corporate existence and all of its leases, privileges, licenses, permits, franchises, qualifications, and rights that are necessary in the ordinary conduct of its business, except where the failure of a Subsidiary so to preserve and maintain could not reasonably be expected to have a Material Adverse Effect on Borrower. Borrower will, and will cause each of its Subsidiaries to, conduct its business in an orderly and efficient manner in accordance with good business practices.

Section 10.3 Maintenance of Properties. Borrower will, and will cause each other Loan Party to, maintain, keep, and preserve all of its material properties necessary in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

Section 10.4 Taxes and Claims. Borrower will, and will cause each other Loan Party to, pay or discharge at or before maturity or before becoming delinquent (a) all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its property, and (b) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its property; provided, however, that neither no Loan Party shall be

required to pay or discharge any tax, levy, assessment, or governmental charge (i) which is being contested in good faith by appropriate proceedings diligently pursued, and for which adequate reserves in accordance with GAAP have been established or (ii) if the failure to pay the same would not result in a Lien on the property of any Loan Party.

Section 10.5 Insurance. (a) Each of the Loan Parties will, and will cause each of its Subsidiaries to, keep insured by financially sound and reputable insurers all Property of a character usually insured by responsible corporations engaged in the same or a similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured

against by such corporations or entities and carry such other insurance as is usually carried by such corporations or entities, provided that in any event

each Loan Party (as appropriate) will maintain:

- (i) Property Insurance -- Insurance against loss or damage covering

substantially all of the tangible real and personal Property and improvements of such Loan Party by reason of any Peril (as defined below) in such amounts (subject to any deductibles as shall be reasonably satisfactory to Administrative Agent) as shall be reasonable and customary and sufficient to avoid the insured named therein from becoming a co-insurer of any loss under such policy, but in any event in such amounts as are reasonably available as determined by Borrower's independent insurance broker reasonably acceptable to Administrative Agent.

- (ii) Automobile Liability Insurance for Bodily Injury and Property Damage -

-Insurance in respect of all vehicles (whether owned, hired, or rented by any Loan Party) at any

- (iii) Comprehensive General Liability Insurance -- Insurance against

claims for bodily injury, death, or Property damage occurring on, in or about the Property (and adjoining streets, sidewalks, and waterways) of any Loan Party, in such amounts as are then customary for Property similar in use in the jurisdictions where such Properties are located.

- (iv) Worker's Compensation Insurance -- Worker's compensation insurance

(including, without limitation, employers' liability insurance) to the extent required by applicable law, which may be self-insurance to the extent permitted by applicable law.

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time located at, or used in connection with, its Properties or operations against liabilities for bodily injury and Property damage in such amounts as are then customary for vehicles used in connection with similar Properties and businesses, but in any event to the extent required by applicable law.

Such insurance shall be written by financially responsible companies selected by the applicable Loan Party and having an A.M. Best Rating of "A-" or better and being in a financial size category of "VI" or larger, or by other companies reasonably acceptable to Administrative Agent. Each policy referred to in this Section 10.5 shall provide that it will not be canceled, amended, or reduced

except after not less than thirty (30) days' prior written notice to Administrative Agent and shall also provide that the interests of Administrative Agent and the Lenders shall not be invalidated or reduced by any act, omission or negligence of any Loan Party. Borrower will advise Administrative Agent promptly of any policy cancellation, reduction, or amendment. For purposes hereof, the term "Peril" shall mean, collectively, fire, lightning, flood,

windstorm, hail, explosion, riot and civil commotion, vandalism and malicious mischief, damage from aircraft, vehicles and smoke, and other perils covered by the "all-risk" endorsement then in use in the jurisdictions where the Properties of the Loan Parties are located.

(b) Borrower will cause each insurance recovery (other than any portion of an insurance recovery payable to a landlord to repair or replace Property leased by Borrower or any of its Subsidiaries) paid to it or any other Loan Party by any insurance company to be deposited promptly with Administrative Agent as security for the Obligations if a Default has then occurred and is continuing.

(c) If a Default shall have occurred and be continuing, Borrower will cause all proceeds of insurance paid to it or any other Loan Party on account of the loss of or damage to any Property of any Loan Party and all awards of compensation for any Property of any Loan Party taken by condemnation or eminent domain to be paid directly to Administrative Agent to be applied against or held as security for the Obligations, at the election of Administrative Agent and the Required Lenders.

Section 10.6 Inspection Rights. Each of the Loan Parties will, and will

cause each of its Subsidiaries to, permit representatives and agents of Administrative Agent and each Lender, during normal business hours and upon reasonable notice to Borrower, to examine, copy, and make extracts from its books and records, to visit and inspect its Properties and to discuss its business, operations, and financial condition with its officers and independent

authorize its accountants in writing (with a copy to Administrative Agent) to comply with this Section 10.6. Administrative Agent or its representatives may,

at any time and from time to time at Borrower's expense, conduct field examinations and audits of the Collateral and Borrowing Base and of other matters pertaining to Borrower and its Subsidiaries for such purposes as Administrative Agent may reasonably request provided that so long as no Default

has occurred and continues to exist no more than two such field examinations shall be conducted during any calendar year.

Section 10.7 Keeping Books and Records. Borrower will, and will cause

each other Loan Party to, maintain proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

Section 10.8 Compliance with Laws. Borrower will, and will cause each

other Loan Party to, comply in all material respects with all applicable laws (including, without limitation, all Environmental Laws), rules, regulations, orders, and decrees of a material nature of any Governmental Authority or arbitrator other than any such laws, rules, regulations, orders, and decrees contested by appropriate actions or proceedings diligently pursued, if adequate reserves in conformity with GAAP and satisfactory to Administrative Agent are established with respect thereto and except for unintentional violations which could not reasonably be expected to have a Material Adverse Effect with respect to any such Loan Party.

Section 10.9 Compliance with Agreements. Borrower will, and will cause

each other Loan Party to, comply with all agreements, contracts, and instruments binding on it or affecting its properties or business other than such noncompliance which could not reasonably be expected to have a Material Adverse Effect with respect to such Loan Party.

Section 10.10 Further Assurances.

(a) Further Assurance. Borrower will, and will cause each other

Loan Party to, execute and deliver pursuant to this clause (a) such further documentation and take such further action as may be reasonably requested by Administrative Agent to carry out the provisions and purposes of the Loan Documents.

(b) Subsidiary Joinder. Within ten (10) days after the end of each

Fiscal Quarter, Borrower shall cause each Domestic Subsidiary created or acquired during the Fiscal Quarter then ending to execute and deliver to Administrative Agent a Joinder Agreement and such other documentation as Administrative Agent may require to cause such Domestic Subsidiary to evidence, perfect, and otherwise implement the guaranty and/or security for repayment of the Obligations contemplated by this Agreement, the Subsidiary Guaranty, and any applicable Security Document.

Section 10.11 ERISA. With respect to each Plan, Borrower will, and will

cause each other Loan Party to, comply with all minimum funding requirements and all other material requirements of ERISA, if applicable, so as not to give rise to any liability which could reasonably be expected to have a Material Adverse Effect with respect to such Loan Party.

Section 10.12 Unified Cash Management System. If required by

Administrative Agent, Borrower and each of its Subsidiaries (other than Foreign Subsidiaries) will maintain a unified cash management system and will ensure, and will cause Borrower and each of its Subsidiaries (other than Foreign Subsidiaries) to ensure, that all proceeds of all Collateral are (a) deposited directly, as received, into a collection account of Borrower or such Subsidiary (as applicable) and (b) on a daily basis after such deposit, transferred into a concentration account of Borrower or such Subsidiary (as applicable) maintained with a bank selected by Borrower and reasonably acceptable to Administrative Agent. If required by Administrative Agent, each of the Loan Parties will maintain in effect, and will cause each of its Subsidiaries (other than Foreign Subsidiaries) to maintain in effect, an agreement governing each of its collection accounts and its concentration account in form and substance

satisfactory to Administrative Agent with a depository bank satisfactory to Administrative Agent.

Section 10.13 Year 2000 Compliance. Borrower will promptly notify

Administrative Agent in the event Borrower discovers or determines that any computer application (including those of its suppliers and vendors) that is material to its or any of its Subsidiaries' business and operations will not be Year 2000 Compliant on a timely basis, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect on Borrower.

ARTICLE 11

Negative Covenants

Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any Commitment hereunder or any Letter of Credit remains outstanding, Borrower will perform and observe the following negative covenants:

Section 11.1 Debt. Borrower will not, and will not permit any other Loan

Party to, incur, create, assume, or permit to exist any Debt, except:

(a) Debt to the Lenders pursuant to the Loan Documents;

(b) Debt described on Schedule 9.9 hereto, and any extensions,

renewals, or refinancings of such existing Debt so long as (i) the principal amount of such Debt after such renewal, extension, or refinancing shall not exceed the principal amount of such Debt which was outstanding immediately prior to such renewal, extension, or refinancing and (ii) such Debt shall not be secured by any assets other than assets securing such Debt, if any, prior to such renewal, extension, or refinancing;

(c) Debt of a Subsidiary of Borrower owed to Borrower or another Subsidiary of Borrower;

(d) Guaranties incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds, and other similar obligations including those of the type otherwise described in Section 11.2(f);

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(e) Debt of Borrower or any Subsidiary of Borrower constituting purchase money Debt (including, without limitation, Capital Lease Obligations) incurred after the Closing Date not to exceed Two Million Dollars (\$2,000,000) in the aggregate at any time outstanding secured by purchase money Liens permitted by Section 11.2(g);

(f) Debt constituting obligations to reimburse worker's compensation insurance companies for claims paid by such companies on Borrower's or any of its Subsidiaries' behalf in accordance with the policies issued to Borrower or such Subsidiary of Borrower;

(g) Debt secured by the Liens permitted by clauses (d) and (e) of Section 11.2;

(h) unsecured Debt arising under, created by and consisting of Hedge Agreements, provided, (i) such Hedge Agreements shall have been entered into for the purpose of hedging actual risk and not for speculative purposes and (ii) that each counterparty to such Hedge Agreement shall be a Lender (or an Affiliate thereof) or shall be rated in one of the two highest rating categories of Standard and Poor's Corporation or Moody's Investors Service, Inc.; and

(i) Subordinated Debt to the relevant seller (including pursuant to a transaction permitted by Section 11.3) incurred in connection with the acquisition of any Person not to exceed Twenty Million Dollars (\$20,000,000) in the aggregate from the Closing Date through the Termination Date; and

(j) Debt in addition to the Debt described in the foregoing clauses (a) through (h) in an aggregate amount not exceeding Ten Million

Dollars (\$10,000,000) in the aggregate principal amount at any one time outstanding.

Section 11.2 Limitation on Liens and Restrictions on Subsidiaries.

Borrower will not, and will not permit any Subsidiary to, incur, create, assume, or permit to exist any Lien upon any of its property, assets, or revenues, whether now owned or hereafter acquired, except the following:

(a) Liens described on Schedule 11.2 hereto, and any extensions, renewals, or refinancings of the Debt secured by such Liens as permitted under Section 11.1(b), provided that (i) no such Lien is expanded to cover any additional Property (other than after acquired title in or on such Property and proceeds of the existing collateral) after the Closing Date and (ii) no such Lien is spread to secure any additional Debt after the Closing Date other than Debt permitted by Section 11.1(b);

(b) Liens in favor of Administrative Agent, for the benefit of the Agents and each Lender pursuant to the Loan Documents;

(c) Encumbrances consisting of easements, zoning restrictions, or other restrictions on the use of real Property that do not (individually or in the aggregate) materially detract from the value of the real Property encumbered thereby or materially impair the ability of Borrower or any other Loan Party to use such real Property in their respective businesses;

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(d) Liens for taxes, assessments, or other governmental charges (but excluding Environmental Liens or Liens under ERISA) that are not delinquent or which are being contested in good faith and for which adequate reserves have been established in accordance with GAAP;

(e) Liens of mechanics, materialmen, warehousemen, carriers, landlords, or other similar statutory Liens securing obligations that are not overdue or are being contested in good faith by appropriate proceedings diligently pursued and for which adequate reserves have been established in accordance with GAAP and are incurred in the ordinary course of business;

(f) Liens resulting from deposits to secure payments of worker's compensation, unemployment insurance or other social security programs or to secure the performance of tenders, statutory obligations, leases, insurance contracts, surety, performance and appeal bonds, bids, and other contracts incurred in the ordinary course of business (other than for payment of Debt);

(g) Liens for purchase money obligations and Liens securing Capital Lease Obligations; provided that: (i) the Debt secured by any such Lien is permitted under Section 11.1(e) hereof; and (ii) any such Lien encumbers only the Property so purchased or leased;

(h) Any attachment or judgment Lien not constituting an Event of Default;

(i) Any interest or title of a licensor, lessor, or sublessor under any license or lease entered into in the ordinary course of business;

(j) Liens against equipment arising from precautionary UCC financing statement filings regarding operating leases entered into by Borrower or another Loan Party in the ordinary course of business; and

(k) Nonconsensual Liens in favor of banking institutions arising as a matter of law and encumbering the deposits (including the right of set-off) held by such banking institutions in the ordinary course of business.

Section 11.3 Mergers, Etc. Borrower will not, and will not permit any

other Loan Party to, become a party to a merger or consolidation, or purchase or otherwise acquire all or a substantial part of the business or Property of any Person or all or a substantial part of the business or Property of a division or branch of a Person or more than a majority interest in the Capital Stock of any Person, or wind-up, dissolve, or liquidate itself; provided that as long as no Default exists or would result therefrom and provided Borrower gives Administrative Agent and the Lenders prior written notice:

(i) A Subsidiary may wind-up, dissolve, or liquidate if (a) its Property is transferred to Borrower or a Wholly-Owned Subsidiary of

(ii) Any Subsidiary of Borrower may merge or consolidate with Borrower (provided Borrower is the surviving entity) or with any Wholly-Owned Subsidiary of Borrower (provided the Wholly-Owned Subsidiary is the surviving entity);

(iii) Borrower or any Domestic Subsidiary of Borrower may acquire any Person or all or a substantial part of the business or Property of a Person (or a division or branch thereof) provided that the aggregate Purchase Price of all such acquisitions shall not exceed Twenty Five Million Dollars (\$25,000,000) in the aggregate from the Closing Date through the Termination Date; and

(iv) The Subsidiaries of Borrower described on Schedule 11.3 may be merged, wound up, dissolved or liquidated on the terms described in such schedule.

Section 11.4 Restricted Junior Payments. Borrower will not, and will

not permit any other Loan Party to, directly or indirectly declare, order, pay, make, or set apart any sum for (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of any Loan Party now or hereafter outstanding; (b) any redemption, conversion, exchange, retirement, sinking fund, or similar payment, purchase, or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of any Loan Party now or hereafter outstanding; or (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options, or other rights to acquire shares of any class of Capital Stock of any Loan Party now or hereafter outstanding except:

(i) Subsidiaries of Borrower may make, declare, and pay dividends and make other distributions with respect to their Capital Stock to Borrower or Wholly-Owned Subsidiaries of Borrower;

(ii) Borrower may declare and pay dividends on any class of its Capital Stock payable solely in shares of Capital Stock of Borrower; and

(iii) Borrower may redeem stock, stock rights, options or similar rights from terminated or departing employees not to exceed One Million Dollars (\$1,000,000) in the aggregate from the Closing Date through the Termination Date.

Section 11.5 Investments. Borrower will not, and will not permit any

other Loan Party to, make or permit to remain outstanding any advance, loan, extension of credit, or capital contribution to or investment in any Person, or purchase or own any stocks, bonds, notes, debentures, or other Securities of any Person, or be or become a joint venturer with or partner of any Person (all the foregoing, herein "Investments"), except:

(a) Borrower and its Subsidiaries may make equity investments in and may make loans to Subsidiaries of Borrower (in the case of loans, as permitted by Section 11.1) and may make the acquisitions permitted by

Section 11.3(iii); provided that total investments in Foreign Subsidiaries

shall never exceed Forty-Five Million Dollars (\$45,000,000) in the aggregate at any time outstanding;

(b) readily marketable direct obligations of the U.S. or any agency thereof with maturities of one year or less from the date of acquisition;

(c) fully insured certificates of deposit with maturities of one year or less from the date of acquisition issued by any commercial bank operating in the U.S. having capital and surplus in excess of One Hundred Million Dollars (\$100,000,000);

(d) commercial paper of a domestic issuer and equity or debt Securities of a domestic issuer if at the time of purchase such paper or debt Securities of such issuer is rated in one of the two highest rating categories of Standard and Poor's Corporation or Moody's Investors Service, Inc. or any successor thereto and shares of any mutual fund company substantially all the assets of which consist of cash and the Investments

of the type described in clause (c), clause (d), and this clause (e);

(e) advances to officers, directors, and employees for business expenses incurred in the ordinary course of business;

(f) if no Event of Default exists, Borrower and its Subsidiaries may make capital contributions to or investments in, or purchase any Capital Stock of, Borrower or a Wholly-Owned Domestic Subsidiary of Borrower;

(g) Borrower and its Subsidiaries may acquire and own any Investments of any Person received in connection with the bankruptcy or reorganization of suppliers and customers and in connection with the settlement of delinquent obligations of, and disputes with, customers and suppliers arising in the ordinary course of business;

(h) deposits with and advances to trade creditors and extensions of trade credit to trade debtors in the ordinary course of business;

(i) Investments described on Schedule 11.5; and

(j) Investments other than those described in clauses (a)-(i) of

this Section 11.5 if the aggregate amount thereof never exceeds Five

Million Dollars (\$5,000,000) at any time (determined based on the cost or outstanding principal amount thereof, as applicable, without regard to any write up or write down thereof).

Section 11.6 Limitation on Issuance of Capital Stock. Borrower will not

permit any Subsidiary to, at any time issue, sell, assign, or otherwise dispose of the following to any Person (other than Borrower or any of its Subsidiaries): (a) any of its Capital Stock, (b) any securities exchangeable for or convertible into or carrying any rights to acquire any of its Capital Stock, or (c) any option, warrant, or other right to acquire any of its Capital Stock; provided,

however, that any Subsidiary may issue qualifying shares to its directors if

required by applicable law.

Section 11.7 Transactions With Affiliates. Borrower will not, and will

not permit any other Loan Party to, enter into any transaction, including, without limitation, the purchase, sale, or exchange of property or the rendering of any service, with any Affiliate of Borrower or such other

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Loan Party (other than Borrower and its wholly-owned Subsidiaries), except in the ordinary course of and pursuant to the reasonable requirements of Borrower's or such other Loan Party's business and upon fair and reasonable terms no less favorable to Borrower or such other Loan Party than would be obtained in a comparable arms-length transaction with a Person not an Affiliate of Borrower or such other Loan Party.

Section 11.8 Disposition of Assets. Except for transactions described

on Schedule 11.8 and for transactions permitted by Section 11.3(iv), Borrower

will not, and will not permit any other Loan Party to, sell, lease, assign, transfer, or otherwise voluntarily dispose of: (a) any of its Receivables; (b) any substantial portion of the consolidated assets of the Loan Parties; or (c) any other Property, other than (i) dispositions of Inventory in the ordinary course of business, (ii) dispositions of Equipment no longer used or useful in such Person's business and (iii) dispositions of other Equipment to be replaced (and such Equipment is so replaced) with other functionally equivalent Equipment within one hundred twenty (120) days of the disposition thereof.

Section 11.9 Lines of Business. Borrower and its Subsidiaries will not

engage in any line or lines of business activity other than the businesses in which they are engaged on the date hereof or a business reasonably related thereto.

Section 11.10 Limitations on Restrictions Affecting Subsidiaries.

Neither Borrower nor any other Loan Party shall enter into or assume any material agreement (other than the Loan Documents) prohibiting the creation or assumption of any Lien upon its material properties or assets, whether now owned or hereafter acquired (except for prohibitions against Liens on assets financed by Debt secured by Liens permitted by Section 11.2(g)). Except as provided

herein, Borrower will not, and will not permit any other Loan Party to, directly or indirectly to create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Loan Party to: (a) pay dividends or make any other distribution on any of such Loan Party's Capital Stock owned by any Loan Party; (b) pay any Debt owed to any Loan Party; (c) make loans or advances to any Loan Party; or (d) transfer any of its property or assets to any Loan Party.

Section 11.11 Environmental Protection. Borrower will not, and will not

permit any other Loan Party to, (a) use (or permit any tenant to use) any of its Properties for the handling, processing, storage, transportation, or disposal of any Hazardous Material except in compliance with applicable Environmental Laws, (b) generate any Hazardous Material except in compliance with applicable Environmental Laws, (c) conduct any activity that is likely to cause a Release or threatened Release of any Hazardous Material in violation of any Environmental Law, or (d) otherwise conduct any activity or use any of its Properties in any manner, that in any material respect violates or is likely to violate any Environmental Law or create any Environmental Liabilities for which Borrower or any other Loan Party would be responsible that could reasonably be expected to have a Material Adverse Effect with respect to any Loan Party.

Section 11.12 ERISA. Borrower will not, and will not permit any other

Loan Party to:

(a) allow, or take (or permit any ERISA Affiliate to take) any action which would cause, any unfunded or unreserved liability for benefits under any Plan (exclusive of any Multiemployer Plan) to exist or to be created; or

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(b) with respect to any Multiemployer Plan, allow, or take (or permit any ERISA Affiliate to take) any action which would cause, any unfunded or unreserved liability for benefits under any Multiemployer Plan to exist or to be created, either individually as to any such Plan or in the aggregate as to all such Plans.

ARTICLE 12

Financial Covenants -----

Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any Commitment hereunder or any Letter of Credit remains outstanding, it will perform and observe the following financial covenants:

Section 12.1 Minimum Tangible Net Worth. At all times, Borrower shall

not permit its Tangible Net Worth to be less than Seventy-Six Million Five Hundred Thousand Dollars (\$76,500,000), plus (i) 75% of Borrower's Adjusted Net

Income for each fiscal year of Borrower ending thereafter, plus (ii) 100% of the

Net Proceeds of the issuance by Borrower or any of its Subsidiaries of Capital Stock (or receipt of any additional capital in respect of existing Capital Stock or other Securities).

Section 12.2 Senior Leverage Ratio. As of the end of each Fiscal

Quarter through the last Saturday of September, 1999, Borrower shall not permit its Senior Leverage Ratio to exceed 2.75 to 1.00 and as of the end of each Fiscal Quarter thereafter, Borrower shall not permit its Senior Leverage Ratio to exceed 2.50 to 1.00.

Section 12.3 Maximum Total Leverage Ratio. As of the end of each Fiscal

Quarter, Borrower shall not permit its Leverage Ratio to exceed 3.50 to 1.00.

Section 12.4 Minimum Fixed Charge Coverage Ratio. As of the end of each

Fiscal Quarter, Borrower shall not permit the ratio of (a) its EBITDAR for the four (4) Fiscal Quarter period then ending to (b) the sum of (i) Interest Expense during such period and (ii) Rental Expense paid during such period to be less than 2.50 to 1.00.

ARTICLE 13

Default -----

an "Event of Default":

(a) Borrower shall fail to pay (i) when due any principal of, interest on or fees payable in respect of any Loan or any Reimbursement Obligation payable under any Loan Document or any part thereof or (ii) within two (2) days after the date Borrower receives written notice of the failure to pay when due, any other Obligation or any part thereof, or any indebtedness, liability, or obligation due to any Lender under any Hedge Agreement.

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(b) Any representation, warranty, or certification made or deemed made by any Loan Party (or any of their respective officers) in any Loan Document or in any certificate, report, notice, or financial statement furnished at any time in connection with any Loan Document shall be false, misleading, or erroneous in any material respect when made or deemed to have been made.

(c) Any Loan Party shall fail to perform, observe, or comply with any covenant, agreement, or term contained in Section 10.1, Article 11 or

Article 12 of this Agreement.

(d) Any Loan Party shall fail to perform, observe, or comply with any other agreement, or term contained in any Loan Document (other than covenants described in subsections 13.1(a)-(c)) and such failure shall

continue for a period of fifteen (15) days after the earlier of (i) the date Administrative Agent provides Borrower with notice thereof or (ii) the date Borrower should have notified Administrative Agent thereof in accordance with subsection 10.1(g) hereof.

(e) Any Loan Party shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner, liquidator, or the like of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect, the "Bankruptcy Code"),

(iv) institute any proceeding or file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, (vi) admit in writing its inability to, or be generally unable to pay its debts as such debts become due, or (vii) take any corporate action for the purpose of effecting any of the foregoing.

(f) A proceeding or case shall be commenced, without the application, approval or consent of the applicable Loan Party in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement, or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator, or the like of such Loan Party or of all or any substantial part of its Property, or (iii) similar relief in respect of such Loan Party under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) or more days; or an order for relief against any Loan Party shall be entered in an involuntary case under the Bankruptcy Code.

(g) Any Loan Party shall fail within a period of thirty (30) days after the commencement thereof to discharge or obtain a stay of any attachment, sequestration, forfeiture, or similar proceeding or proceedings involving an aggregate amount in excess of Five Hundred Thousand Dollars (\$500,000) against any of its assets or properties.

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(h) A final judgment or judgments for the payment of money in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate (to the extent not paid or fully covered by insurance acknowledged by a carrier reasonably acceptable to Administrative Agent) shall be rendered by a court or courts against any Loan Party and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall

not be procured, within thirty (30) days from the date of entry thereof and the relevant Loan Party shall not, within said period of thirty (30) days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal.

(i) Any Loan Party shall fail to pay when due any principal of or interest on any Debt (beyond the period of grace, if any) if the aggregate principal amount of the affected Debt equals or exceeds Five Hundred Thousand (\$500,000) (other than the Obligations), or the maturity of any such Debt shall have been accelerated, or any such Debt shall have been required to be prepaid prior to the stated maturity thereof or any event shall have occurred with respect to any Debt in the aggregate principal amount equal to or in excess of Five Hundred Thousand (\$500,000) that permits any holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof or require any prepayment thereof.

(j) This Agreement or any Security Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by any Loan Party or any Loan Party shall deny that it has any further liability or obligation under any of the Loan Documents or any Lien created or purported to be created by the Loan Documents shall for any reason cease to be or fail to be a valid, first priority perfected Lien (except for Permitted Liens, if any, which are expressly permitted by the Loan Documents to have priority over the Liens in favor of Administrative Agent) upon any of the Collateral purported to be covered thereby.

(k) Any of the following events shall occur or exist with respect to any Loan Party or any ERISA Affiliate: (i) any Prohibited Transaction involving any Plan; (ii) any Reportable Event with respect to any Plan; (iii) the filing under Section 4041 of ERISA of a notice of intent to terminate any Plan or the termination of any Plan; (iv) any event or circumstance that could reasonably be expected to constitute grounds entitling the PBGC to institute proceedings under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the PBGC of any such proceedings; or (v) complete or partial withdrawal under Section 4201 or 4204 of ERISA from a Multiemployer Plan or the reorganization, insolvency, or termination of any Multiemployer Plan; and in each case above, such event or condition, together with all other events or conditions, if any, have subjected or could in the reasonable opinion of Administrative Agent subject Borrower or any of its Subsidiaries to any tax, penalty, or other liability to a Plan, a Multiemployer Plan, the PBGC, or otherwise (or any combination thereof) which in the aggregate could reasonably be expected to exceed Five Hundred Thousand Dollars (\$500,000).

(l) The occurrence of any event or condition which constitutes a Material Adverse Effect with respect to Borrower or any other Loan Party and thirty (30) days have passed since written notification thereof to Borrower by Administrative Agent (therein reasonably identifying such event or condition) without such event or condition having been remedied, cured or waived.

(m) a Change of Control shall occur.

Section 13.2 Remedies. If any Event of Default shall occur and be

continuing, Administrative Agent may (and if directed by Required Lenders, shall) do any one or more of the following:

(a) Acceleration. By notice to Borrower, declare all outstanding

principal of and accrued and unpaid interest on the Notes and all other amounts payable by Borrower under the Loan Documents immediately due and payable, and the same shall thereupon become immediately due and payable, without further notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower except as where required by the specific terms of this Agreement or the other Loan Documents;

(b) Termination of Commitments. Terminate the Commitments,

including, without limitation, the obligation of the Fronting Bank to issue Letters of Credit, without notice to Borrower or any other Loan Party;

(c) Judgment. Reduce any claim to judgment;

(d) Foreclosure. Foreclose or otherwise enforce any Lien granted

to Administrative Agent, for the benefit of the Agents and each Lender to secure payment and performance of the Obligations in accordance with the terms of the Loan Documents; and

(e) Rights. Exercise any and all rights and remedies afforded by

the laws of the Commonwealth of Massachusetts, or any other jurisdiction governing any of the Loan Documents, by equity, or otherwise;

provided, however, that, upon the occurrence of an Event of Default under

subsections 13.1(e) or subsection 13.1(f), the Commitments of all of the

Lenders, and the obligation of the Fronting Bank to issue Letters of Credit, shall automatically terminate and the outstanding principal of and accrued and unpaid interest on the Notes and all other amounts payable by Borrower under the Loan Documents shall thereupon become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, protest, or other formalities of any kind, all of which are hereby expressly waived by Borrower.

Section 13.3 Cash Collateral. If an Event of Default shall have

occurred and be continuing, Borrower shall, if requested by Administrative Agent or the Required Lenders, pledge to Administrative Agent as security for the Obligations, pursuant to agreements in form and substance satisfactory to Administrative Agent, an amount in immediately available funds equal to the then

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outstanding Letter of Credit Liabilities, such funds to be held in a cash collateral account by Administrative Agent without any right of withdrawal by Borrower.

Section 13.4 Performance by Administrative Agent. Upon the occurrence

of a Default, if any Loan Party shall fail to perform any agreement in accordance with the terms of the Loan Documents, Administrative Agent may, at the direction of the Required Lenders, perform or attempt to perform such agreement on behalf of such Loan Party. In such event, Borrower shall, at the request of Administrative Agent, promptly pay any amount expended by Administrative Agent or the Lenders in connection with such performance or attempted performance, to Administrative Agent at the Principal Office together with interest thereon at the Default Rate applicable to Base Rate Accounts from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that neither the Agents nor any Lender shall have any liability or responsibility for the performance of any obligation of any Loan Party under any Loan Document.

Section 13.5 Set-off. If an Event of Default shall have occurred and be

continuing, each Lender is hereby authorized at any time and from time to time, without notice to Borrower (any such notice being hereby expressly waived by Borrower), to set-off and apply any and all deposits (general, time, demand, provisional, or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Loan Party against any and all of the obligations of such Loan Party now or hereafter existing under any Loan Document, irrespective of whether or not Administrative Agent or such Lender shall have made any demand under such Loan Documents and although such obligations may be unmaturred. Each Lender agrees promptly to notify Borrower (with a copy to Administrative Agent) after any such set-off and application, provided that the failure to give such notice shall not affect the validity of

such set-off and application. The rights and remedies of each Lender hereunder are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Lender may have.

Section 13.6 Continuance of Default. For purposes of all Loan Documents,

a Default shall be deemed to have continued and exist until Administrative Agent shall have actually received evidence satisfactory to Administrative Agent that such Default shall have been remedied.

ARTICLE 14

Administrative Agent

Section 14.1 Appointment, Powers, and Immunities. Each Lender hereby

irrevocably appoints and authorizes NationsBank to act as its agent under this Agreement and the other Loan Documents with such powers and discretion as are

specifically delegated to Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Administrative Agent (which term as used in this sentence and in Section 14.5 and the first sentence of Section 14.6 shall include its

Affiliates (including NationsBank Montgomery Securities LLC) and its own and its Affiliates' officers, directors, employees, and agents): (a) shall not have any duties or responsibilities except those expressly set forth in the Loan Documents and shall not be a trustee or fiduciary for any Lender; (b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or

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in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Loan Party or any other Person to perform any of its obligations thereunder; (c) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Loan Party or the satisfaction of any condition or to inspect the property (including the books and records) of any Loan Party or any of its Affiliates; (d) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct. Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care.

Section 14.2 Reliance by Administrative Agent. Administrative Agent

shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telecopy) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Loan Party), independent accountants, and other experts selected by Administrative Agent. Administrative Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until Administrative Agent receives and accepts an Assignment and Acceptance executed in accordance with Section

15.8. As to any matters not expressly provided for by this Agreement,

Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding on all of the Lenders; provided, however, that Administrative Agent shall not be required to

take any action that exposes Administrative Agent to personal liability or that is contrary to any Loan Document or applicable law.

Section 14.3 Defaults. Administrative Agent shall not be deemed to have

knowledge or notice of the occurrence of a Default unless Administrative Agent has received written notice from a Lender or Borrower specifying such Default and stating that such notice is a "Notice of Default". In the event that Administrative Agent receives such a notice of the occurrence of a Default, Administrative Agent shall give prompt notice thereof to the Lenders. Administrative Agent shall take such action with respect to such Default as it shall deem appropriate or as shall reasonably be directed by the Required Lenders.

Section 14.4 Rights as Lender. With respect to its Commitment and the

Loans made by it, NationsBank (and any successor acting as Administrative Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include Administrative Agent in its individual capacity. NationsBank (and any successor acting as Administrative Agent) and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any

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Loan Party or any of their respective Affiliates as if it were not acting as Administrative Agent, and NationsBank (and any successor acting as Administrative Agent) and its Affiliates may accept fees and other consideration

from any Loan Party or any of their respective Affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

Section 14.5 Indemnification. THE LENDERS AGREE TO INDEMNIFY

ADMINISTRATIVE AGENT (TO THE EXTENT NOT REIMBURSED UNDER SECTION 15.1 OR SECTION

15.2, BUT WITHOUT LIMITING THE OBLIGATIONS OF BORROWER UNDER SUCH SECTIONS)

RATABLY IN ACCORDANCE WITH THEIR RESPECTIVE COMMITMENT PERCENTAGES, FOR ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES), OR DISBURSEMENTS OF ANY KIND AND NATURE WHATSOEVER THAT MAY BE IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ADMINISTRATIVE AGENT (INCLUDING BY ANY LENDER) IN ANY WAY RELATING TO OR ARISING OUT OF ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY OR ANY ACTION TAKEN OR OMITTED BY ADMINISTRATIVE AGENT UNDER ANY LOAN DOCUMENT; PROVIDED THAT NO LENDER SHALL BE

LIABLE FOR ANY OF THE FOREGOING TO THE EXTENT THEY ARE FOUND IN A FINAL, NON-APPEALABLE JUDGMENT RENDERED BY A COURT OF COMPETENT JURISDICTION TO HAVE ARISEN FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF, THE PERSON TO BE INDEMNIFIED. WITHOUT LIMITING ANY PROVISION OF ANY LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH PERSON. WITHOUT LIMITATION OF THE FOREGOING, EACH LENDER AGREES TO REIMBURSE ADMINISTRATIVE AGENT PROMPTLY UPON DEMAND FOR ITS RATABLE SHARE (CALCULATED BASED ON THE COMMITMENT PERCENTAGES) OF ANY COSTS OR EXPENSES PAYABLE BY BORROWER UNDER SECTION 15.1 TO THE EXTENT THAT ADMINISTRATIVE AGENT IS NOT PROMPTLY REIMBURSED

FOR SUCH COSTS AND EXPENSES BY BORROWER. IN THE CASE OF AN INVESTIGATION, LITIGATION, OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 14.5

APPLIES, SUCH INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION OR PROCEEDING IS BROUGHT BY BORROWER, ITS DIRECTORS, SHAREHOLDERS, OR CREDITORS OR ANY PARTY ENTITLED TO INDEMNIFICATION HEREUNDER OR ANY OTHER PERSON AND WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED.

Section 14.6 Non-Reliance on Agents and Other Lenders. Each Lender agrees

that it has, independently and without reliance on the Agents or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Loan Parties and

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decision to enter into this Agreement and that it will, independently and without reliance upon the Agents or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Loan Party or any of their Affiliates that may come into the possession of any Agent or any of its Affiliates.

Section 14.7 Resignation of Administrative Agent. Administrative Agent may

resign at any time by giving notice thereof to the Lenders and Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, which successor agent shall be subject to the approval of Borrower if and so long as no Event of Default has occurred and is continuing, which approval shall not be unreasonably withheld, conditioned, or delayed. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a commercial bank organized under the laws of the U.S. having combined capital and surplus of at least One Hundred Million Dollars (\$100,000,000), which successor agent shall be subject to the approval of Borrower, which approval shall not be unreasonably withheld, conditioned, or delayed. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 14 shall continue in effect

for its benefit in respect of any actions taken or omitted to be taken by it

while it was acting as Administrative Agent.

Section 14.8 Administrative Agent Fee. Borrower agrees to pay to

Administrative Agent on the date hereof and on each anniversary of the date hereof the administrative fee described in that certain letter dated January 13, 1999 from NationsBank and NationsBanc Montgomery Securities LLC to Borrower, as the same may be amended from time to time.

Section 14.9 Several Commitments. The Commitments and other obligations

of the Lenders under any Loan Document are several. The default by any Lender in making a Loan in accordance with its Commitment shall not relieve the other Lenders of their obligations under any Loan Document. In the event of any default by any Lender in making any Loan, each nondefaulting Lender shall be obligated to make its Loan but shall not be obligated to advance the amount which the defaulting Lender was required to advance hereunder. No Lender shall be responsible for any act or omission of any other Lender.

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ARTICLE 15

Miscellaneous

Section 15.1 Expenses. Borrower hereby agrees to pay promptly after

presentation of supporting documentation without duplication: (a) all reasonable costs and expenses of Administrative Agent arising in connection with the preparation, negotiation, execution, and delivery of the Loan Documents and all amendments or other modifications to the Loan Documents, including, without limitation, the reasonable fees and expenses of legal counsel for Administrative Agent; (b) all reasonable fees, costs, and expenses of Administrative Agent or the Fronting Bank arising in connection with any Letter of Credit, including the Fronting Bank's customary fees for amendments, transfers, and drawings on Letters of Credit; (c) all reasonable costs and expenses of Administrative Agent in connection with any Default and the enforcement of any Loan Document or collection of the Obligations, including, without limitation, the fees and expenses of legal counsel for Administrative Agent; (d) all reasonable fees, costs, and expenses of any Lender arising in connection with an Event of Default and the enforcement of any Loan Document or collection of the Obligations during the continuance of an Event of Default; provided, however, that all Lenders

(other than Administrative Agent) shall be limited to the legal fees and expenses of one counsel for all Lenders unless such representation shall result in a conflict of interest, in which case Borrower shall pay the fees, costs, and expenses of as many counsel as necessary to avoid conflicts among the Lenders; (e) all transfer, stamp, documentary, or other similar taxes, assessments, or charges (including, without limitation, the Taxes and any penalties or interest) levied by any Governmental Authority in respect of any Loan Document or the transactions contemplated thereby; (f) all reasonable costs, expenses, assessments, and other charges incurred in connection with any filing, registration, recording, or perfection of any security interest or other Lien contemplated by any Loan Document; and (g) all other reasonable costs and expenses incurred by Administrative Agent in connection with any Loan Document. The fees and expenses of legal counsel for Administrative Agent that Borrower has agreed to pay hereunder include the fees and expenses of legal counsel for Administrative Agent arising in connection with advice given to Administrative Agent as to its rights and responsibilities hereunder.

Section 15.2 Indemnification. BORROWER SHALL INDEMNIFY THE AGENTS, THE

FRONTING BANK, AND EACH LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) ANY BREACH BY ANY LOAN PARTY OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (B) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE ASSETS OF BORROWER OR ANY OTHER LOAN PARTY, (C) THE USE OR PROPOSED USE OF ANY LETTER OF CREDIT OR ANY PAYMENT OR FAILURE TO PAY WITH RESPECT TO ANY LETTER OF CREDIT,

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(D) ANY AND ALL STAMP, FILING, OR SIMILAR TAXES (INCLUDING, WITHOUT LIMITATION, THE "TAXES" AND ANY INTEREST OR PENALTY) LEVIES, DEDUCTIONS, AND CHARGES IMPOSED ON ADMINISTRATIVE AGENT OR ANY LENDER IN RESPECT OF ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, OR (E) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED INVESTIGATION,

LITIGATION, OR OTHER PROCEEDING RELATING TO ANY OF THE FOREGOING, THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY; PROVIDED THAT (1) THE

FOREGOING INDEMNITY SHALL NOT APPLY TO LITIGATION COMMENCED BY BORROWER OR ANY OTHER LOAN PARTY AGAINST THE LENDERS OR THE ADMINISTRATIVE AGENT OR THE SYNDICATION AGENT WHICH SEEKS ENFORCEMENT OF ANY OF THE RIGHTS OF BORROWER OR ANY OTHER LOAN PARTY HEREUNDER OR UNDER ANY OTHER LOAN DOCUMENT AND IS DETERMINED ADVERSELY TO THE LENDERS OR THE AGENT OR THE SYNDICATION AGENT IN A FINAL NONAPPEALABLE JUDGMENT AND (2) THAT THE PERSON ENTITLED TO BE INDEMNIFIED UNDER THIS SECTION SHALL NOT BE INDEMNIFIED FROM OR HELD HARMLESS AGAINST ANY LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, OR EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES) FOUND IN A FINAL, NON-APPEALABLE JUDGMENT RENDERED BY A COURT OF COMPETENT JURISDICTION TO HAVE ARISEN OUT OF OR RESULTED FROM ITS GROSS NEGLIGENCE OR ITS WILLFUL MISCONDUCT. WITHOUT LIMITING ANY PROVISION OF ANY LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH PERSON TO BE INDEMNIFIED UNDER THIS SECTION SHALL BE INDEMNIFIED FROM AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE OR CONTRIBUTORY NEGLIGENCE OF SUCH PERSON. SUBJECT TO THE LIMITATIONS SET FORTH ABOVE, IN THE CASE OF AN INVESTIGATION, LITIGATION, OR OTHER PROCEEDING TO WHICH THE INDEMNITY IN THIS SECTION 15.2 APPLIES, SUCH

INDEMNITY SHALL BE EFFECTIVE WHETHER OR NOT SUCH INVESTIGATION, LITIGATION, OR PROCEEDING IS BROUGHT BY BORROWER, ITS DIRECTORS, SHAREHOLDERS, OR CREDITORS OR ANY PARTY ENTITLED TO INDEMNIFICATION HEREUNDER OR ANY OTHER PERSON AND WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED.

Section 15.3 Limitation of Liability. None of the Agents, any Lender,

or any Affiliate, officer, director, employee, attorney, or agent thereof shall have any liability with respect to Borrower, and, by the execution of the Loan Documents to which it is a party, each other Loan Party, hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, consequential, remote, exemplary or punitive damages suffered or incurred by any Loan Party in connection with, arising out of, or in any way related to any of the Loan Documents, or any of the transactions contemplated by any of the Loan Documents.

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Section 15.4 No Duty. All attorneys, accountants, appraisers, and other

professional Persons and consultants retained by any of the Agents or any Lender shall have the right to act exclusively in the interest of the Agents and the Lenders and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to any Loan Party, any shareholders of any Loan Party, or any other Person.

Section 15.5 No Fiduciary Relationship. The relationship between the Loan

Parties on the one hand and the Agents and each Lender on the other is solely that of debtor and creditor, and neither any of the Agents nor any Lender has any fiduciary or other special relationship with any Loan Parties, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between the Loan Parties on the one hand and any of the Agents and each Lender on the other to be other than that of debtor and creditor.

Section 15.6 Equitable Relief. Borrower recognizes that in the event

any Loan Party fails to pay, perform, observe, or discharge any or all of the obligations under the Loan Documents, any remedy at law may prove to be inadequate relief to the Agents and the Lenders. Borrower therefore agrees that the Agents and the Lenders, if Administrative Agent or the Required Lenders so request, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 15.7 No Waiver; Cumulative Remedies. No failure on the part of

Administrative Agent or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under any Loan Document preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in the Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

Section 15.8 Successors and Assigns.

(a) Binding Effect. This Agreement shall be binding upon and inure

to the benefit of the parties hereto and their respective successors and assigns. Borrower may not assign or transfer any of its rights or

obligations hereunder or under any other Loan Document without the prior written consent of Administrative Agent and all of the Lenders.

(b) Assignment. Each Lender may assign to one or more Persons all

or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans, its Notes, and its Commitment); provided, however, that

(i) each such assignment shall be to an Eligible Assignee. As used herein, "Eligible Assignee" means (A) a Lender; (B) an Affiliate

of a Lender or, with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is managed by the same investment advisor as such Lender (herein a "Related Fund"); and (C) any other Person approved by Administrative

Agent and, provided no Default then exists, Borrower (such consent of Borrower not to be required if a Default then exists and, in any event, not unreasonable to be

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denied or delayed by Borrower); provided, however, that neither

Borrower nor an Affiliate of Borrower shall qualify as an Eligible Assignee;

(ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement or an assignment by a Lender to one of its Related Funds, any such partial assignment shall be in an amount at least equal to Five Million Dollars (\$5,000,000) and the assignee must have (after giving effect to such assignment) Commitments of at least Ten Million Dollars (10,000,000);

(iii) the parties to such assignment shall execute and deliver to Administrative Agent for its acceptance an Assignment and Acceptance, together with any Note subject to such assignment and a processing fee of \$3,500.

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section, the assignor, Administrative Agent, and Borrower shall upon return of the assignor's notes, if any, make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the laws of the U.S. or a state thereof, it shall deliver to Borrower and Administrative Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section

6.7.

(c) Register. Administrative Agent shall maintain at the Principal

Office a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register

shall be conclusive and binding for all purposes, absent manifest error, and Borrower, Administrative Agent, and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice. Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note or Notes subject to such assignment and payment of the processing fee, Administrative Agent shall, if such Assignment and Acceptance has been completed, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register, and (iii) give prompt notice thereof to the parties thereto.

(d) Participations. Each Lender may sell participations to one or

more Persons in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and its Loans); provided, however, that (i) such Lender's obligations under this Agreement

shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in

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Article 6 (to the extent that the Lender selling such participation would

have been entitled thereto) and the right of set-off contained in Section

13.5, and (iv) Borrower shall continue to deal solely and directly with

such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of Borrower relating to its Loans and to approve any amendment, modification, waiver, or consent of any provision of any Loan Document (other than amendments, modifications, waivers, or consents of the types referred to in Section 15.11(a)).

(e) Pledge to Federal Reserve. Notwithstanding any other provision

set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Loans to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Delivery of Information. Any Lender may furnish any

information concerning any Loan Party in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants) subject to such Persons agreeing to being bound by the provisions of Section 15.22.

Section 15.9 Survival. All representations and warranties made in any

Loan Document or in any document, statement, or certificate furnished in connection with any Loan Document shall survive the execution and delivery of the Loan Documents and no investigation by Administrative Agent or any Lender or any closing shall affect the representations and warranties or the right of Administrative Agent or any Lender to rely upon them. Without prejudice to the survival of any other obligation of Borrower hereunder, the obligations under Article 6, Section 14.5, Section 15.1, and Section 15.2 shall survive repayment

of the Notes and termination of the Commitments and the Letters of Credit.

Section 15.10 Entire Agreement. THIS AGREEMENT, THE NOTES, AND THE

OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES THERETO.

Section 15.11 Amendments and Waivers. Any provision of any Loan

Document may be amended or waived and any consent to any departure by any Loan Party therefrom may be granted if, but only if, such amendment, waiver, or consent is in writing and is signed by Borrower and the Required Lenders (and, if Article 14 or the rights or duties of Administrative Agent are affected

thereby, by Administrative Agent); provided that no such amendment, waiver, or

consent applicable to:

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(a) a Loan, Letter of Credit, or Commitment which has the effect of:

(i) increasing such Commitment,

(ii) reducing the principal of or rate of interest on such Loan or any Reimbursement Obligation relating to such Letter of Credit or any fees or other amounts payable hereunder to Lenders generally with respect to such Loan, Letter of Credit, or Commitment,

(iii) postponing any date fixed for the payment of any

scheduled installment of principal of or interest on such Loan or any Reimbursement Obligation relating to such Letter of Credit or any fees or other amounts payable hereunder with respect to such Loan, Letter of Credit, or Commitment or changing any optional or mandatory prepayment provision applicable to such Loan or Letter of Credit, or

(iv) postponing any date fixed for termination of such Commitment

shall be effective unless also signed by each Lender holding (with respect to Letters of Credit either directly or through a participation under Section 2.7(a)) the Loan, Letter of Credit, or Commitment of the type being

modified; and

(b) any change (including a waiver) in:

(i) the definition of Required Lenders or the provisions of this Section 15.11; or

(ii) the conditions specified in Article 8 hereof, or

(iii) which has the effect of releasing any Loan Party in a transaction which is not otherwise permitted hereby, or

(iv) releases of all or substantially all of the Collateral,
or

(v) releases of all or substantially all of the Guaranties,
or

(vi) changes the definition of "Borrowing Base" or changes the advance rate under the Borrowing Base

shall not be effective unless signed by all Lenders.

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Section 15.12 Maximum Interest Rate. -----

(a) No interest rate specified in any Loan Document shall at any time exceed the Maximum Rate. If at any time the interest rate (the "Contract Rate") for any Obligation shall exceed the Maximum Rate, thereby causing

the interest accruing on such Obligation to be limited to the Maximum Rate, then any subsequent reduction in the Contract Rate for such Obligation shall not reduce the rate of interest on such Obligation below the Maximum Rate until the aggregate amount of interest accrued on such Obligation equals the aggregate amount of interest which would have accrued on such Obligation if the Contract Rate for such Obligation had at all times been in effect.

(b) No provision of any Loan Document shall require the payment or the collection of interest in excess of the maximum amount permitted by applicable law. If any excess of interest in such respect is hereby provided for, or shall be adjudicated to be so provided, in any Loan Document or otherwise in connection with this loan transaction, the provisions of this Section shall govern and prevail and neither Borrower nor the sureties, guarantors, successors, or assigns of Borrower shall be obligated to pay the excess amount of such interest or any other excess sum paid for the use, forbearance, or detention of sums loaned pursuant hereto. In the event any Lender ever receives, collects, or applies as interest any such sum, such amount which would be in excess of the maximum amount permitted by applicable law shall be applied as a payment and reduction of the principal of the Obligations; and, if the principal of the Obligations has been paid in full, any remaining excess shall forthwith be paid to Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, Borrower and each Lender shall, to the extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the Obligations so that interest for the entire term does not exceed the Maximum Rate.

Section 15.13 Notices. All notices and other communications provided -----

for in any Loan Document to which any Loan Party is a party shall be given or made in writing (except as otherwise permitted by Section 5.3) and telecopied,

mailed by certified mail return receipt requested, or delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or with respect to any Loan Party, at the "Address for Notices" specified below Borrower's name on the signature pages hereof, or with respect to a Lender not a party to this Agreement on the Closing Date, in its Assignment and Acceptance, or, as to any party at such other address as shall be designated by such party in a notice to each other party given in accordance with this Section. Except as otherwise provided in any Loan Document, all such communications shall be deemed to have been duly given when transmitted by telecopy, subject to telephone confirmation of receipt, or when personally delivered or, in the case of a mailed notice, three (3) Business Days after being duly deposited in the mails, in each case given or addressed as aforesaid; provided, however, notices to Administrative Agent pursuant to Section 2.7 or

Section 5.3 shall not be effective until received by Administrative Agent.

Section 15.14 Governing Law; Venue; Service of Process. THIS AGREEMENT

SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND THE APPLICABLE LAWS OF THE U.S. ANY ACTION OR PROCEEDING AGAINST BORROWER UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN ANY MASSACHUSETTS STATE COURT OR FEDERAL COURT IN THE DISTRICT OF MASSACHUSETTS. BORROWER IRREVOCABLY (A) SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURTS, AND (B) WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. BORROWER AGREES THAT SERVICE OF PROCESS UPON IT MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, AT ITS ADDRESS SPECIFIED OR DETERMINED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 15.13 OF THIS AGREEMENT. NOTHING IN THIS AGREEMENT OR ANY

OTHER LOAN DOCUMENT SHALL AFFECT THE RIGHT OF ADMINISTRATIVE AGENT OR ANY LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF ADMINISTRATIVE AGENT OR ANY LENDER TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR WITH RESPECT TO ANY OF ITS PROPERTY IN COURTS IN OTHER JURISDICTIONS. ANY ACTION OR PROCEEDING BY ANY LOAN PARTY AGAINST ANY OF THE AGENTS OR ANY LENDER SHALL BE BROUGHT ONLY IN A COURT LOCATED IN DALLAS, TEXAS.

Section 15.15 Counterparts. This Agreement may be executed in one or

more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Section 15.16 Severability. Any provision of any Loan Document held by

a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of such Loan Document and the effect thereof shall be confined to the provision held to be invalid or illegal.

Section 15.17 Headings. The headings, captions, and arrangements used

in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 15.18 Construction. Borrower, each Loan Party (by its execution

of the Loan Documents to which it is a party), the Agents, and each Lender acknowledges that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review the Loan Documents with its legal counsel and that the Loan Documents shall be construed as if jointly drafted by the parties thereto.

Section 15.19 Independence of Covenants. All covenants under the Loan

Documents shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

Section 15.20 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY

APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY OR THE ACTIONS OF ANY OF THE AGENTS OR ANY LENDER IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT THEREOF.

Section 15.21 Confidentiality. Each Lender agrees to keep confidential

any information obtained by it from any Loan Party or its agents or representatives pursuant hereto and the other Loan Documents identified as confidential in writing at the time of delivery in accordance with such Lender's customary practices and agrees that it will only use such information in connection with the transactions contemplated by this Agreement and not disclose any of such information other than (a) to such Lender's officers, directors, employees, representatives, attorneys, agents, or affiliates who are advised of the confidential nature of such information, (b) to the extent such information presently is or hereafter becomes available to such Lender on a non-confidential basis from any source or as such information that is in the public domain at the time of disclosure, (c) to the extent disclosure is required by law, regulation, subpoena, or judicial order or process (provided that notice of such requirement or order shall be promptly furnished to Borrower unless such notice is legally prohibited) or requested or required by bank regulators or auditors or any administrative body, commission, or other Governmental Authority to whose jurisdiction such Lender may be subject, (d) to assignees or participants or potential assignees or participants or to professional advisors or direct or indirect contractual counter parties in swap agreements provided in each case such Person agrees to be bound by the provisions of this subsection 15.22, (e)

to the extent required in connection with any litigation between any Loan Party and any Lender with respect to the Loans or this Agreement and the other Loan Documents, (f) to rating agencies, their employees, representatives, attorneys, agents, or affiliates who are advised of the confidential nature of such information, and (g) with Borrower's prior written consent.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

RENAISSANCE WORLDWIDE, INC.

By: _____
Name: _____
Title: _____

Address for Notices to Borrower
or any Loan Party:

Attention: _____
Telephone: _____
Telecopier: _____

Revolving Commitment: NATIONS BANK, N.A.,
\$110,000,000 as Administrative Agent and as a Lender

By: _____
Name: _____
Title: _____

Address for Notices:

NationsBank, N.A.
901 Main Street, 67th Floor
Dallas, Texas 75202
Attention: Tim O'Connor
Telephone: (214) 508-9419
Telecopier: (214) 508-0980

CREDIT AGREEMENT

Lending Office for Base Rate Accounts
and Libor Accounts:

NationsBank, N.A.
901 Main Street, 14th Floor
Dallas, Texas 75202

CREDIT AGREEMENT

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Schedule 2.4
to
Renaissance Worldwide, Inc. Credit Agreement

Debt to be Refinanced
with Proceeds of Revolving Loans

[TO COME]

Schedule 2.4

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Schedule 2.7
to
Renaissance Worldwide, Inc. Credit Agreement

Previously Issued Letters of Credit

None.

Schedule 2.7

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Schedule 7.1
to
Renaissance Worldwide, Inc. Credit Agreement

Transfer Restrictions, Etc.

Schedule 7.1

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Schedule 9.1
to
Renaissance Worldwide, Inc. Credit Agreement

Corporate Existence/Good Standing

Schedule 9.3

to
Renaissance Worldwide, Inc. Credit Agreement

Corporate Action/No Breach

Schedule 9.4
to
Renaissance Worldwide, Inc. Credit

Operation of Business

Schedule 9.5
to
Renaissance Worldwide, Inc. Credit Agreement

Litigation and Judgments

Schedule 9.6
to
Renaissance Worldwide, Inc. Credit Agreement

Collateral Matters

- (a) Real Properties of Borrower and its Subsidiaries:

- (b) Intellectual Property of Borrower and its Subsidiaries:

- (c) Location of Material Properties and identity of the Person holding title thereto:

Schedule 9.9
to
Renaissance Worldwide, Inc. Credit Agreement

Debt

Schedule 9.12
to
Renaissance Worldwide, Inc. Credit Agreement

ERISA

Schedule 9.13
to
Renaissance Worldwide, Inc. Credit Agreement

Disclosure Documents

Schedule 9.14
to
Renaissance Worldwide, Inc. Credit Agreement

I. Subsidiaries: Capitalization

<TABLE>
<CAPTION>

A. Borrower

Name	State of Incorporation	Description of Each Class and Series (If Applicable)	Number of Authorized Shares	Number of Issued Shares
----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

B. Domestic Subsidiaries of Borrower

<TABLE>
<CAPTION>

Name	State of Incorporation	Description of Each Class and Series (If Applicable)	Number of Authorized Shares	Number of Issued Shares	Name of Each Stockholder and No. of Shares Held
----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>

C. Foreign Subsidiaries of Borrower

<TABLE>
<CAPTION>

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PLEDGE AND SECURITY AGREEMENT

(Renaissance Worldwide, Inc.)

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of

February 24, 1999, is between RENAISSANCE WORLDWIDE, INC., a corporation duly organized and validly existing under the laws of the Commonwealth of Massachusetts ("Debtor"), and NATIONSBANK, N.A., as Administrative Agent for the

Lenders referred to below (in such capacity, the "Secured Party").

R E C I T A L S:

A. Debtor has entered into that certain Credit Agreement dated as of February 24, 1999, with the lenders party thereto (each individually a "Lender"

and collectively, the "Lenders"), Secured Party, as Administrative Agent for the

Lenders and NationsBanc Montgomery Securities LLC, as Syndication Agent (such agreement as it may be amended, restated or otherwise modified from time to time is referred to herein as the "Credit Agreement").

B. The execution and delivery of this Agreement is required by the Credit Agreement as a condition to the Lenders' obligations under the Credit Agreement.

C. Terms defined in the Credit Agreement, and not otherwise defined herein, are used herein with their meanings so defined.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the adequacy, receipt, and sufficiency of which are hereby acknowledged, and in order to induce Secured Party and the Lenders to make Loans and issue Letters of Credit pursuant to the Credit Agreement, the parties hereto hereby agree as follows:

ARTICLE 1

Definitions

Section 1.1 Definitions. As used in this Agreement, the following terms

have the following meanings:

"Account" means any "account," as such term is defined in Article or

Chapter 9 of the UCC, now owned or hereafter acquired by Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by Debtor: (a) all rights of Debtor to payment for goods sold or leased, services rendered or the license of Intellectual Property, whether or not earned by performance; (b) all accounts receivable of Debtor; (c) all rights of Debtor to receive any payment of money or other form of consideration; (d) all security pledged, assigned, or granted to or held by Debtor to secure any of the foregoing; (e) all guaranties of, or indemnifications with respect to, any of the foregoing; (f) all rights of Debtor as an unpaid seller of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation, and resale; and (g) all rights to brokerage commissions.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 1

"Amendment" means any amendment of this Agreement between Debtor and

Secured Party required hereby or entered into pursuant to the terms of the Credit Agreement, including, without limitation, any amendment in the form of Exhibit A hereto.

"Capital Stock" means corporate stock and any and all shares,

partnership interests, equity interests, rights, securities or other equivalent evidences of ownership (however designated) issued by any entity (whether a corporation, partnership, limited liability company, limited partnership or other type of entity).

"Chattel Paper" means any "chattel paper," as such term is defined in

Article or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor.

"Collateral" has the meaning specified in Section 2.1 of this

Agreement.

"Copyright License" means any written agreement now or hereafter in

existence granting to Debtor any right to use any Copyright, including, without limitation, the agreements identified on Schedule 3.5.

"Copyrights" means all of the following: (a) all copyrights, works

protectable by copyright, copyright registrations, and copyright applications, including, without limitation, those identified on Schedule

3.5; (b) all renewals, extensions, and modifications thereof; (c) all

income, royalties, damages, profits, and payments relating to or payable under any of the foregoing; (d) the right to sue for past, present, or future infringements of any of the foregoing; and (e) all other rights and benefits relating to any of the foregoing throughout the world; in each case, whether now owned or hereafter acquired by Debtor.

"Copyright Security Agreement" means a copyright security agreement to

be executed and delivered by Debtor to Secured Party, substantially in the form of Exhibit B hereto and otherwise in form and substance satisfactory

to Secured Party, for the purpose of recording such agreement with any copyright office of a Governmental Authority, as such agreement may be amended, restated, or otherwise modified from time to time.

"Deposit Accounts" means any and all deposit accounts, certificates of

deposit, or other bank accounts now owned or hereafter acquired or opened by Debtor, and any account which is a replacement or substitute for any of such accounts including, without limitation, those deposit accounts identified on Schedule 3.2.

"Document" means any "document," as such term is defined in Article or

Chapter 9 of the UCC, now owned or hereafter acquired by Debtor, including, without limitation, all documents of title and all receipts covering, evidencing, or representing goods now owned or hereafter acquired by Debtor.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 2

"Equipment" means any "equipment," as such term is defined in Article

or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor and, in any event, shall include, without limitation, all machinery, furniture, trailers, rolling stock, vessels, aircraft, and vehicles now owned or hereafter acquired by Debtor and any and all additions, substitutions, and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment, and accessories installed thereon or affixed thereto.

"Financial Assets" means any "financial asset," as such term is

defined in Article or Chapter 8 of the UCC.

"Fixtures" means any "fixtures," as such term is defined in Article or

Chapter 9 of the UCC, now owned or hereafter acquired by Debtor and in any event shall include, without limitation, all plant fixtures, business fixtures, other fixtures, and storage office facilities, wherever located, and all additions and accessions thereto and replacements therefor.

"General Intangibles" means any "general intangibles," as such term is

defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by Debtor: (a) all of Debtor's Intellectual Property together with all of Debtor's trade secrets, proprietary information, customer lists, designs, and inventions; (b) all of Debtor's books, records, data, plans, manuals, computer software, computer tapes, computer disks, computer programs, source codes, object codes, and all rights of Debtor to retrieve data and other information from third parties; (c) all of Debtor's contract rights (including, without limitation, all of Debtor's right, title, and interest in and to the Loan Documents), which include, without limitation, (i) all rights of Debtor to receive moneys due and to become due under or pursuant to such agreements, (ii) all rights of Debtor to receive proceeds of any insurance, indemnity, warranty, or guaranty with respect to such agreements, (iii) all claims of Debtor for damages arising out of or for breach of or default under such agreements, (iv) all rights of Debtor to terminate such agreements, to perform thereunder, and to compel performance and otherwise exercise all rights and remedies thereunder, and (v) any rights to Liens securing Pledged Collateral, Accounts, or obligations arising under any Loan Document, (d) all rights or interests of Debtor in any partnership or joint venture; (e) all rights of Debtor to payment under letters of credit and similar agreements; (f) all tax refunds and tax refund claims of Debtor; (g) all choses in action and causes of action of Debtor (whether arising in contract, tort, or otherwise and whether or not currently in litigation) and all judgments in favor of Debtor; (h) all rights and claims of Debtor under warranties and indemnities; and (i) all rights of Debtor under any insurance, surety, or similar contract or arrangement, including, without limitation, all claims under governmental health care programs and claims under private insurance to which Debtor is entitled or which have been assigned to it.

"Instrument" means any "instrument," as such term is defined in

Article or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor, and, in any event, shall include all promissory notes, drafts, bills of exchange, and trade acceptances, whether now owned or hereafter acquired by Debtor.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 3

"Intellectual Property" means the Copyrights, Copyright Licenses,

"Inventory" means any "inventory," as such term is defined in Article

or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by Debtor: (a) all goods and other personal property that are held for sale or lease or to be furnished under any contract of service; (b) all raw materials, work-in-process, finished goods, inventory, supplies, and materials; (c) all wrapping, packaging, advertising, and shipping materials; (d) all goods that have been returned to, repossessed by, or stopped in transit by Debtor; and (e) all Documents evidencing any of the foregoing.

"Investment Property" means any "investment property" as such term is

defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired: (a) any security, whether certificated or uncertificated; (b) any security entitlement; (c) any securities account (including, without limitation, those described on Schedule 3.2); (d) any commodity contract; and (e) any commodity account

(including, without limitation, those identified on Schedule 3.2).

"Obligations" means and includes the "Obligations" as such term is

defined in the Credit Agreement.

"Patent License" means any written agreement now or hereafter in

existence granting to Debtor any right to use any invention on which a Patent is in existence, including, without limitation, the agreements identified on Schedule 3.5.

"Patents" means any and all of the following: (a) all patents, patent

applications, and patentable inventions, including, without limitation, those identified on Schedule 3.5, and all of the inventions and

improvements described and claimed therein; (b) all continuations, divisions, renewals, extensions, modifications, substitutions, continuations-in-part, or reissues of any of the foregoing; (c) all income, royalties, profits, damages, awards, and payments relating to or payable under any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all other rights and benefits relating to any of the foregoing throughout the world; in each case, whether now owned or hereafter acquired by Debtor.

"Patent Security Agreement" means a patent security agreement to be

executed and delivered by Debtor to Secured Party, substantially in the
form of Exhibit C hereto and otherwise in form and substance satisfactory

to Secured Party, for the purpose of recording such agreement with any
copyright office of a Governmental Authority, as such agreement may be
amended, restated, or otherwise modified from time to time.

"Pledged Collateral" means the Pledged Shares and the Instruments

evidencing the obligations of Subsidiaries to Debtor described in Section

2.1(c).

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 4

"Pledged Shares" means the Capital Stock identified on Schedule 1.1

attached hereto, which constitutes 100% of the Capital Stock of each of the
direct Domestic Subsidiaries of Debtor and 65% of the Capital Stock of each
of the direct Foreign Subsidiaries of Debtor, or on Schedule 1 to an

Amendment (all of which shall not, in any event, include more than 65% of
the Capital Stock of any direct Foreign Subsidiary).

"Proceeds" means any "proceeds," as such term is defined in Article or

Chapter 9 of the UCC and, in any event, shall include, but not be limited
to, (a) any and all proceeds of any insurance, indemnity, warranty, or
guaranty payable to Debtor from time to time with respect to any of the
Collateral, (b) any and all payments (in any form whatsoever) made or due
and payable to Debtor from time to time in connection with any requisition,
confiscation, condemnation, seizure, or forfeiture of all or any part of
the Collateral by any Governmental Authority (or any Person acting, or
purporting to act, for or on behalf of any Governmental Authority), and (c)
any and all other amounts from time to time paid or payable under or in
connection with any of the Collateral.

"Trademark License" means any written agreement now or hereafter in

existence granting to Debtor any right to use any Trademark, including,
without limitation, the agreements identified on Schedule 3.5.

"Trademarks" means all of the following: (a) all trademarks, trade

names, corporate names, company names, business names, fictitious business

names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, registrations, recordings, and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof or any other country or any political subdivision thereof, including, without limitation, those identified in Schedule 3.5; (b) all reissues, extensions, and renewals

thereof; (c) all income, royalties, damages, and payments now or hereafter relating to or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements of any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; (e) all rights corresponding to any of the foregoing throughout the world; and (f) all goodwill associated with and symbolized by any of the foregoing; in each case, whether now owned or hereafter acquired by Debtor.

"Trademark Security Agreement" means a trademark security agreement to

be executed and delivered by Debtor to Secured Party, substantially in the form of Exhibit D hereto and otherwise in form and substance satisfactory

to Secured Party, for the purpose of recording such agreement with any copyright office of a Governmental Authority, as such agreement may be amended, restated, or otherwise modified from time to time.

"UCC" means the Uniform Commercial Code as in effect in the

Commonwealth of Massachusetts and/or any other jurisdiction the laws of which may be applicable to or in connection with the creation, perfection or priority of any Lien on any Collateral.

Section 1.2 Other Definitional Provisions. References to "Sections,"

"subsections," "Exhibits," and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. All references to statutes and regulations shall include any amendments of the same and any successor statutes and regulations. References to particular sections of the UCC should be read to refer also to parallel sections of the Uniform Commercial Code as enacted in each state or other jurisdiction where any portion of the Collateral is or may be located. Terms used herein, which are defined in the UCC, unless otherwise defined herein or in the Credit Agreement, shall have the meanings determined in accordance with the UCC.

ARTICLE 2

Security Interest

Section 2.1 Security Interest. As collateral security for the prompt

payment and performance in full when due of the Obligations (whether at stated maturity, by acceleration, or otherwise), Debtor hereby pledges and assigns to Secured Party, and grants to Secured Party a continuing lien on and security interest in, all of Debtor's right, title, and interest in and to the following, whether now owned or hereafter arising or acquired and wherever located (the

"Collateral"):

- (a) all Accounts;
- (b) all Chattel Paper;
- (c) all Instruments, including, without limitation, or in addition, all instruments evidencing indebtedness from time to time owed to Debtor by any Person, and all interest, cash, and other property from time to time received, receivable, or otherwise distributed or distributable in respect of or in exchange for any or all of such Instruments;
- (d) all General Intangibles;
- (e) all Documents;
- (f) all Equipment;
- (g) all Fixtures;
- (h) all Inventory;
- (i) all Financial Assets and Investment Property, including, without limitation, or in addition, the following:

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 6

- (1) all of the Pledged Shares and the certificates (if any) representing the Pledged Shares, and all dividends, cash, Instruments, and other property from time to time received, receivable, or otherwise distributed or distributable in respect of or in exchange for any or all of the Pledged Shares;
- (2) all additional Capital Stock from time to time owned or acquired by Debtor in any manner, and all dividends, cash, Instruments, and other property from time to time received, receivable, or otherwise distributed or distributable in respect of or in

exchange for any or all of such Capital Stock; provided, no more than 65% of the Capital Stock of a Foreign Subsidiary shall be required to be pledged and no Capital Stock owned by a Foreign Subsidiary shall be required to be pledged; and

- (j) all of Debtor's Deposit Accounts and all funds, certificates, Documents, Instruments, checks, drafts, wire transfer receipts, and other earnings, profits, or other Proceeds from time to time representing, evidencing, deposited into, or held in the Deposit Accounts;
- (k) all other goods and personal property of Debtor of any kind or character, whether tangible or intangible, including, without limitation, any and all rights in and claims under insurance policies, judgments and rights thereunder, and tort claims; and
- (l) all products and Proceeds, in cash or otherwise, of any of the property described in the foregoing clauses (a) through (k).

Section 2.2 Excluded Property. Notwithstanding Section 2.1, the payment

and performance of the Obligations shall not be secured by:

- (a) any contract, license, permit or franchise that unconditionally and validly, to the extent permitted by applicable law and otherwise not prohibited by the Loan Documents, prohibits the creation by Debtor of a Lien in such contract, license, permit or franchise (or in any rights or property obtained by Debtor under such contract, license, permit or franchise); provided, however, that, notwithstanding the

provisions of this Section 2.2, the Liens created or arising pursuant

to this Agreement shall, in any case, extend to the Proceeds and/or products of such contract, license, permit or franchise (or such rights or property) or to the monetary value of the good will and other General Intangibles of Debtor relating thereto;

- (b) any rights or property to the extent that any valid and enforceable law or regulation applicable to such rights or property unconditionally prohibits the creation of a Lien therein; provided,

however, that, notwithstanding the provisions of this Section 2.2, the

Liens created or arising pursuant to this Agreement shall, in any case, extend to the Proceeds and/or products of such rights or property or to the monetary value of the good will and other General Intangibles of Debtor relating thereto; or

(c) more than 65% of the Capital Stock of any direct Foreign Subsidiary.

In addition, in the event Debtor disposes of assets of third parties in a transaction permitted by Section 11.8 of the Credit Agreement, such assets shall

be released from any Lien on such assets arising pursuant to this Agreement;
provided, however, that the Liens arising pursuant to this Agreement shall, in

any case, extend to the Proceeds and/or products of any such assets.

Section 2.3 Debtor Remains Liable. Notwithstanding anything to the

contrary contained herein, (a) Debtor shall remain liable under the
documentation included in the Collateral to the extent set forth therein to
perform all of its duties and obligations thereunder to the same extent as if
this Agreement had not been executed, (b) the exercise by Secured Party of any
of its rights or remedies hereunder shall not release Debtor from any of its
duties or obligations under such documentation, (c) Secured Party shall not have
any obligation under any of such documentation included in the Collateral by
reason of this Agreement, and (d) Secured Party shall not be obligated to
perform any of the obligations of Debtor thereunder or to take any action to
collect or enforce any claim for payment assigned hereunder.

ARTICLE 3

Representations and Warranties

To induce Secured Party and the Lenders to enter into this Agreement and
the Credit Agreement, Debtor represents and warrants as follows:

Section 3.1 Location of Equipment, Fixtures, and Inventory; Third

Parties in Possession. All of the Equipment, Fixtures and Inventory are located

in the jurisdictions and at the places specified in Schedule 3.1.

Section 3.2 Deposit, Commodity, and Securities Accounts. Schedule 3.2

correctly identifies all deposit, commodity, and securities accounts owned by
Debtor and the institutions holding such accounts. No Person other than Debtor
has control over any Investment Property.

Section 3.3 Office Locations; Fictitious Names; Tax I.D. Number. The

principal place of business and the chief executive office of Debtor is
identified on Schedule 3.1. Schedule 3.1 also sets forth all other places where

Debtor keeps its books and records and all other locations where Debtor has a place of business. Debtor does not do business and has not done business during the past five (5) years under any trade-name or fictitious business name except as disclosed on Schedule 3.3. Debtor's United States Federal Income Tax

Identification Number is set forth on Schedule 3.3.

Section 3.4 Delivery of Collateral. Except as provided by Section 4.3,

Debtor has delivered to Secured Party all Collateral the possession of which is necessary to perfect the security interest of Secured Party therein. All certificates of title evidencing Equipment have been delivered to Secured Party to the extent required to perfect the security interest of Secured Party therein.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 8

Section 3.5 Intellectual Property. All of Debtor's Intellectual

Property that is registered with or for which an application for registration has been filed with any Governmental Authority is identified on Schedule 3.5,

and such information is true, correct, and complete.

ARTICLE 4

Covenants

Debtor covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any Commitment under the Credit Agreement, Debtor will perform and observe each of the following covenants:

Section 4.1 Accounts. Debtor shall, in accordance with its customary

business practices, endeavor to collect or cause to be collected from each account debtor under its Accounts, as and when due, any and all amounts owing under such Accounts. Without the prior written consent of Secured Party, which will not be unreasonably delayed or withheld, Debtor shall not, except in the ordinary course of business and in no event when any Default exists, (a) grant any extension of time for any payment with respect to any of the Accounts beyond one hundred twenty (120) days after such payment's due date, (b) compromise, compound, or settle any of the Accounts for less than the full amount thereof, (c) release, in whole or in part, any Person liable for payment of any of the Accounts, (d) allow any credit or discount for payment with respect to any Account other than trade or other customary discounts granted in the ordinary course of business, or (e) release any Lien or guaranty securing any Account unless the Account has been paid.

and from time to time, upon the reasonable request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further agreements, documents, and instruments and take such further action as Secured Party may reasonably deem necessary or appropriate to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Without limiting the generality of the foregoing, Debtor shall upon reasonable request by Secured Party (a) execute and deliver to Secured Party such financing statements as Secured Party may from time to time require, (b) take such action during the continuance of an Event of Default as Secured Party may request to permit Secured Party to have control over any Investment Property or any Deposit Account, (c) deliver to Secured Party all Collateral the possession of which is necessary to perfect the security interest therein, duly endorsed and/or accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Secured Party; except that, at all times other

than during the continuance of an Event of Default, Debtor may: (i) retain for collection in the ordinary course of business checks representing Proceeds of Accounts received in the ordinary course of business; (ii) retain any letters of credit received in the ordinary course of business; (iii) retain and utilize in the ordinary course of business all dividends, interest and other amounts paid in respect to any of the Pledged Collateral or any other Investment Property; and (iv) retain any Documents received and further negotiated in the ordinary course of business, (d) deliver any and all certificates of title, applications for title or similar evidence of ownership of Equipment and cause Secured Party to be named as lienholder thereon, and (e) execute and deliver

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 9

to Secured Party such other agreements, documents, and instruments as Secured Party may reasonably require to perfect and maintain the validity, effectiveness, and priority of the Liens intended to be created by this Agreement or any other Loan Document.

permit any third Person (including any warehouseman, bailee, agent, consignee, or processor) to hold any Collateral, unless Debtor shall: (i) notify such third Person of the security interests created hereby; (ii) instruct such Person to hold all such Collateral for Secured Party's account subject to Secured Party's instructions; and (iii) take all other actions Secured Party reasonably deems necessary to perfect and protect its and Debtor's interests in such Collateral pursuant to the requirements of the UCC of the applicable jurisdiction where such warehouseman, bailee, consignee, agent, processor, or other third Person is located (including the filing of financing statements in the proper jurisdictions naming the applicable third Person as debtor and Debtor as secured party and notifying the third Person's secured lenders of Debtor's

interest in such Collateral before the third Person receives possession of the Collateral in question).

Section 4.4 Corporate Changes. Debtor shall not change its name,

identity, corporate structure, or its United States Tax Identification Number in any manner that might make any financing statement filed in connection with this Agreement seriously misleading unless Debtor shall have given Secured Party not less than thirty (30) days prior written notice thereof and shall have taken all action reasonably deemed necessary or desirable by Secured Party to protect its Liens with the perfection and priority thereof required by the Loan Documents. Debtor shall not change its principal place of business, chief executive office, or the place where it keeps its books and records unless it shall have given Secured Party not less than thirty (30) days prior written notice thereof and shall have taken all action deemed necessary or desirable by Secured Party to cause its security interest in the Collateral to be perfected with the priority required by the Loan Documents.

Section 4.5 Equipment, Fixtures, and Inventory. Debtor shall keep the

Equipment, Fixtures, and Inventory in (or in transit to) any of the jurisdictions specified on Schedule 3.1 hereto or, upon not less than thirty

(30) days prior written notice to Secured Party, at such other places within the United States of America where all actions required to perfect Secured Party's security interest in such Collateral with the priority required by the Loan Documents shall have been taken.

Section 4.6 Warehouse Receipts Non-Negotiable. Debtor agrees that if

any warehouse receipt or receipt in the nature of a warehouse receipt is issued in respect of any portion of the Collateral, such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7.104 of the UCC) unless such warehouse receipt or receipt in the nature thereof is delivered to Secured Party.

Section 4.7 Voting Rights; Distributions, Etc. So long as no Event of

Default shall have occurred and be continuing, Debtor shall be entitled to exercise any and all voting and other consensual rights (including, without limitation, the right to give consents, waivers, and notifications) pertaining to any of the Pledged Collateral or any other Investment Property; provided,

however, that without the prior written consent of Secured Party no vote shall

be cast or consent,

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 10

waiver, or ratification given or action taken which would be inconsistent with

or violate any provision of this Agreement or any other Loan Document.

Section 4.8 Transfers and Other Liens; Additional Investments. Except

as provided otherwise by the Credit Agreement or this Agreement, Debtor agrees that it will (i) cause each issuer of any of the Pledged Collateral not to issue any Capital Stock, notes, or other securities or instruments in addition to or in substitution for any of the Pledged Collateral, (ii) pledge hereunder, immediately upon its acquisition thereof, any and all such Capital Stock, notes, or other securities or instruments, and (iii) promptly (and in any event within three (3) Business Days) deliver to Secured Party an Amendment, duly executed by Debtor, in respect of such Capital Stock, notes, or other securities or instruments, together with all certificates, notes, or other securities or instruments representing or evidencing the same. Debtor hereby (i) authorizes Secured Party to attach each Amendment to this Agreement, and (ii) agrees that all such Capital Stock, notes, or other securities or instruments listed on any Amendment delivered to Secured Party shall for all purposes hereunder constitute Pledged Collateral.

Section 4.9 Intellectual Property Covenants. If, before the Obligations

are paid in full, Debtor obtains any new Intellectual Property or rights thereto or becomes entitled to the benefit of any Intellectual Property, Debtor shall give to Secured Party prompt written notice thereof, and shall, upon the request of Secured Party, execute and deliver, in form and substance reasonably satisfactory to Secured Party, a Copyright Security Agreement, Patent Security Agreement, or Trademark Security Agreement, as applicable, describing any such new Intellectual Property. Debtor shall (a) prosecute diligently any copyright, patent, or trademark application at any time pending which is necessary for the conduct of Debtor's business, (b) make application on all new copyrights, patents, and trademarks as reasonably deemed appropriate by Debtor, (c) preserve and maintain all rights in the Intellectual Property that is necessary for the conduct of Debtor's business, and (d) upon and after the occurrence and during the continuance of an Event of Default, use its reasonable efforts to obtain any consents, waivers, or agreements necessary to enable Secured Party to exercise its remedies with respect to the Intellectual Property. Debtor shall not, without the prior written consent of Secured Party, which will not be unreasonably withheld, abandon any pending copyright, patent, or trademark application, or Copyright, Patent, Trademark, or any other Intellectual Property which is necessary for the conduct of Debtor's business.

Section 4.10 Deposit, Commodity, and Security Accounts. Debtor shall

not open any new deposit, commodity, or securities account or otherwise utilize any such account other than the accounts identified on Schedule 3.2 unless

Debtor shall have given Secured Party not less than thirty (30) days days prior written notice thereof and shall have taken all action deemed reasonably necessary or desirable by Secured Party to cause its security interest therein to be perfected with the priority required by the Loan Documents. Prior to the occurrence and continuance of any Event of Default, Debtor may make purchases

and sales of Investment Property or Financial Assets in accordance with the restrictions on investment set out in the Credit Agreement. After the occurrence and during the continuance of an Event of Default, Debtor shall not be authorized to make purchases and sales of the Investment Property or Financial Assets and Debtor shall take such steps as Secured Party may reasonably request to give Secured Party control over all Investment Property and Financial Assets. Except as permitted by this Agreement or the other Loan Documents, Debtor will not give any party control over any Investment Property or Financial Assets.

ARTICLE 5

Rights of Secured Party

Section 5.1 Power of Attorney. DEBTOR HEREBY IRREVOCABLY CONSTITUTES

AND APPOINTS SECURED PARTY AND ANY OFFICER OR AGENT THEREOF, WITH FULL POWER OF SUBSTITUTION, AS ITS TRUE AND LAWFUL ATTORNEY-IN-FACT WITH FULL IRREVOCABLE POWER AND AUTHORITY IN THE NAME OF DEBTOR OR IN ITS OWN NAME, TO TAKE, WHEN AN EVENT OF DEFAULT EXISTS, ANY AND ALL ACTIONS AND TO EXECUTE ANY AND ALL DOCUMENTS AND INSTRUMENTS WHICH SECURED PARTY AT ANY TIME AND FROM TIME TO TIME REASONABLY DEEMS NECESSARY TO ACCOMPLISH THE PURPOSES OF THIS AGREEMENT AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, DEBTOR HEREBY GIVES SECURED PARTY THE POWER AND RIGHT ON BEHALF OF DEBTOR AND IN ITS OWN NAME TO DO ANY OF THE FOLLOWING AFTER THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT WITHOUT THE CONSENT OF DEBTOR, SUBJECT TO APPLICABLE LAW:

(a) to demand, sue for, collect, or receive, in the name of Debtor or in Secured Party's own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) to pay or discharge taxes, Liens, or other encumbrances levied or placed on or threatened against the Collateral;

(c) to notify post office authorities to change the address for delivery of Debtor's mail to an address designated by Secured Party and to receive, open, and dispose of mail addressed to Debtor;

(d) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct (Debtor agrees that if any Proceeds of any Collateral (including payments made in respect of Accounts) shall be received by Debtor after the occurrence and during the continuance of an Event of

Default, upon notice, Debtor shall promptly deliver such Proceeds to Secured Party with any necessary endorsements, and until such Proceeds are delivered to Secured Party, such Proceeds shall be held in trust by Debtor for the benefit of Secured Party and shall not be commingled with any other funds or property of Debtor); (ii) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 12

in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and notices in connection with accounts and other documents relating to the Collateral; (iv) to commence and prosecute any suit, action, or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action, or proceeding brought against Debtor with respect to any Collateral; (vi) to settle, compromise, or adjust any suit, action, or proceeding described above and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depository, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (viii) to add or release any guarantor, indorser, surety, or other party to any of the Collateral; (ix) to renew, extend, or otherwise change the terms and conditions of any of the Collateral; (x) to grant or issue any exclusive or nonexclusive license under or with respect to any of the Intellectual Property (subject to the rights of third parties under pre-existing licenses); (xi) to endorse Debtor's name on all applications, documents, papers, and instruments reasonably necessary or desirable in order for Secured Party to use any of the Intellectual Property; (xii) to make, settle, compromise, or adjust any claims under or pertaining to any of the Collateral (including claims under any policy of insurance); and (xiii) to sell, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party reasonably deems necessary or desirable to protect, preserve, maintain, or realize upon the Collateral and Secured Party's security interest therein.

THIS POWER OF ATTORNEY IS A POWER COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL TERMINATION OF THIS AGREEMENT IN ACCORDANCE WITH SECTION 7.11

HEREOF. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or

implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so that is not grossly negligent nor an instance of willful misconduct. Neither Secured Party nor any Person designated by Secured Party shall be liable for any act or omission or for any error of judgment or any mistake of fact or law, except any of the same resulting from its or their gross negligence or willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, maintain, and realize upon its security interest in the Collateral. Secured Party shall not be responsible for any decline in the value of the Collateral not caused by Secured Party's gross negligence or willful misconduct and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve, or maintain any Lien given to secure the Collateral.

Section 5.2 Assignment by Secured Party. Secured Party and each Lender

may at any time assign or otherwise transfer all or any portion of their rights and obligations under this Agreement

and the other Loan Documents (including, without limitation, the Obligations) to any other Person, to the extent permitted by, and upon the conditions contained in, the Credit Agreement, and such Person shall thereupon become vested with all the benefits thereof granted to Secured Party or the Lenders, as applicable, herein or otherwise.

Section 5.3 Possession; Reasonable Care. Except to the extent

prohibited by applicable law that cannot be waived, Secured Party may, from time to time, in its sole discretion, appoint one or more agents to hold physical custody, for the account of Secured Party, of any or all of the Collateral that Secured Party has a right to possess. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which Secured Party accords its own property, it being understood that Secured Party shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders, or other matters relative to any Collateral, whether or not Secured Party has or is deemed to have knowledge of such matters, or (b) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

ARTICLE 6

Default

Section 6.1 Rights and Remedies. If an Event of Default shall have

occurred and be continuing, Secured Party shall have the following rights and remedies (except to the extent prohibited by applicable law that cannot be

waived):

(a) In addition to all other rights and remedies granted to Secured Party in this Agreement or in any other Loan Document or by applicable law, Secured Party shall have all of the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral). Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Debtor or any other person, collect, receive, or take possession of the Collateral or any part thereof and for that purpose Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable or otherwise as may be permitted by law. Secured Party shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right or equity of redemption on the part of Debtor, which right or equity of redemption is hereby expressly waived and released by Debtor. Upon the request of Secured Party, Debtor shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Debtor and Secured Party. Debtor agrees that Secured Party shall not be obligated to give more than ten (10) days prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 14

shall constitute reasonable notice of such matters. Secured Party shall not be obligated to make any sale of Collateral if it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Debtor shall be liable for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and other costs and expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement. Debtor shall remain liable for any deficiency if the Proceeds of any sale or other disposition of the Collateral applied to the Obligations are insufficient to pay the Obligations in full. Secured Party may apply the Collateral against the Obligations as provided in the Credit Agreement. Debtor waives all rights of marshaling, valuation, and appraisal in respect of the Collateral. Any cash held by Secured Party as Collateral and all cash proceeds received by Secured Party in respect of any sale of, collection

from, or other realization upon all or any part of the Collateral may, in the discretion of Secured Party, be held by Secured Party as Collateral for, and then or at any time thereafter, shall be applied in whole or in part by Secured Party against, the Obligations in the order permitted by the Credit Agreement. Any surplus of such cash or cash proceeds and interest accrued thereon, if any, held by Secured Party and remaining after payment in full of all the Obligations shall be promptly paid over to Debtor or to whomsoever may be lawfully entitled to receive such surplus; provided that Secured Party shall have no obligation to invest or

otherwise pay interest on any amounts held by it in connection with or pursuant to this Agreement.

(b) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(c) Secured Party may exercise any and all rights and remedies of Debtor under or in respect of the Collateral, including, without limitation, any and all rights of Debtor to demand or otherwise require payment of any amount under, or performance of any provision of, any of the Collateral and any and all voting rights and corporate powers in respect of the Collateral. Debtor shall execute and deliver (or cause to be executed and delivered) to Secured Party all such proxies and other instruments as Secured Party may reasonably request for the purpose of enabling Secured Party to exercise the voting and other rights which it is entitled to exercise pursuant to this clause (c) and to receive the dividends,

interest, and other distributions which it is entitled to receive hereunder.

(d) Secured Party may collect or receive all money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

(e) On any sale of the Collateral, Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of Secured

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 15

Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.

(f) For purposes of enabling Secured Party to exercise its rights and remedies under this Section 6.1 and enabling Secured Party and its

successors and assigns to enjoy the full benefits of the Collateral in each case as Secured Party shall be entitled to exercise its rights and remedies

under this Section 6.1, Debtor hereby grants to Secured Party an

irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Debtor) to use, assign, license, or sublicense any of the Intellectual Property, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and all computer programs used for the completion or printout thereof and further including in such license such rights of quality control and inspection as are reasonably necessary to prevent the Trademarks included in such license from claims of invalidation. This license shall also inure to the benefit of all successors, assigns, and transferees of Secured Party.

Section 6.2 Private Sales. Debtor recognizes that Secured Party may be

unable to effect a public sale of any or all of the Collateral by reason of certain prohibitions contained in the laws of any jurisdiction outside the United States or in the Securities Act of 1933, as amended from time to time (the "Securities Act") and applicable state securities laws, but may be

compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof. Debtor acknowledges and agrees that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall, to the extent permitted by law, be deemed to have been made in a commercially reasonable manner. Neither Secured Party nor the Lenders shall be under any obligation to delay a sale of any of the Collateral for the period of time necessary to permit the issuer of such securities to register such securities under the laws of any jurisdiction outside the United States, under the Securities Act, or under any applicable state securities laws, even if such issuer would agree to do so. Debtor further agrees to do or cause to be done, to the extent that Debtor may do so under applicable law, all such other reasonable acts and things as may be necessary to make such sales or resales of any portion or all of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees, or awards of any and all courts, arbitrators, or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at Debtor's expense.

ARTICLE 7

Miscellaneous

Section 7.1 No Waiver; Cumulative Remedies. No failure on the part of

Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any

right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 7.2 Successors and Assigns. This Agreement shall be binding

upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party, and Secured Party may not appoint a successor as Secured Party except in accordance with the Credit Agreement.

Section 7.3 Amendment; Entire Agreement. THIS AGREEMENT AND THE OTHER

LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

Section 7.4 Notices. All notices and other communications provided for

in this Agreement shall be given or made in accordance with the Credit Agreement.

Section 7.5 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

Section 7.6 Headings. The headings, captions, and arrangements used in

this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 7.7 Survival of Representations and Warranties. All

representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 7.8 Counterparts. This Agreement may be executed in any number

of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Section 7.9 Waiver of Bond. In the event Secured Party seeks to take

possession of any or all of the Collateral by judicial process, Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 17

Section 7.1 Severability. Any provision of this Agreement which is

determined by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.1 Termination. If all of the Obligations shall have been paid

and performed in full and all Commitments of Secured Party and the Lenders shall have expired or terminated, Secured Party shall, upon the written request of Debtor, execute and deliver to Debtor a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to Debtor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of Secured Party and has not previously been sold or otherwise applied pursuant to this Agreement; notwithstanding anything to the contrary contained in this Agreement, if the payment of any amount of the Obligations is rescinded, voided or must otherwise be refunded by Secured Party or any Lender upon the insolvency, bankruptcy or reorganization of Debtor or any other Loan Party or otherwise for any reason whatsoever, then the security interests created by this Agreement will be automatically reinstated and become automatically effective and in full force and effect, all to the extent that and as though such payment so rescinded, voided or otherwise refunded had never been made and such release and termination of such security interest had never been given.

PLEDGE AND SECURITY AGREEMENT (Renaissance Worldwide, Inc.) - Page 18

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

RENAISSANCE WORLDWIDE, INC.

By: _____
Name: _____
Title: _____

SECURED PARTY:

NATIONSBANK, N.A.,
as Administrative Agent for the Lenders

By: _____
Name: _____
Title: _____

RENAISSANCE WORLDWIDE, INC.

LIST OF SUBSIDIARIES:

<TABLE>

<CAPTION>

Company -----	State/Country of Organization -----
<S>	<C>
1045795 Ontario, Inc.....	Ontario, Canada
ARI National Company.....	Massachusetts
CANAM, L.L.C.....	Delaware
COBA Consulting Limited.....	U.K.
COBA Group U.S.A., Ltd.....	Georgia
Hunter Consulting Associates Limited.....	U.K.
Hunter Consulting Associates Pty. Limited.....	Australia
The Hunter Group, Inc.....	Maryland
The Hunter Group International, Inc.....	Delaware
The Hunter Group (Singapore) Pte. Ltd.....	Singapore
International Systems Services (UK) Limited.....	U.K.
Neoglyphics Media Corporation.....	Illinois
The Management Decisions Group, Inc.....	Illinois
The Registry, Inc. Network Consulting Practice.....	New Hampshire
Renaissance Government Solutions, Inc.....	Delaware
Renaissance Worldwide AB.....	Sweden
Renaissance Worldwide B.V.....	Netherlands
Renaissance Worldwide Consulting Pvt. Ltd.....	India
Renaissance Worldwide Gmbh & Co. KG.....	Germany
Renaissance Worldwide Holding Limited.....	U.K.
Renaissance Worldwide International Holdings, Inc.....	Delaware
Renaissance Worldwide IT Consulting Services, Inc.....	Delaware
Renaissance Worldwide K.K.....	Japan
Renaissance Worldwide Limited.....	U.K.
Renaissance Worldwide Professionals Limited.....	U.K.
Renaissance Worldwide S.A.....	France
Renaissance Worldwide Strategy, Inc.....	Delaware
Renaissance Worldwide Strategy Limited.....	U.K.
Sterling Information Group, Inc.....	Delaware
THG Consulting, Inc.....	Canada
TRI Securities Corp.....	Massachusetts
Technomic Consultants Inc.....	Illinois
Technomic Hong Kong.....	Hong Kong
Technomic India*.....	India
Technomic Japan.....	Japan
Technomic Research Associates Limited.....	U.K.

Technomic Shanghai*	Shanghai, PRC
Technomic Singapore*	Singapore
Technomic U.K.	U.K.
Technomic Vietnam*	Vietnam

</TABLE>

* Rep. Offices of Renaissance Worldwide Strategy, Inc.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-17565, 333-33475 and 333-44371) of Renaissance Worldwide, Inc. (formerly The Registry, Inc.) of our report dated February 22, 1999, except for the termination of the line of credit described in Note 9, which is as of March 24, 1999, appearing in this Form 10-K.

PricewaterhouseCoopers LLP

Boston, Massachusetts
March 26, 1999

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference on Registration Statements No. 333-17565, 333-33475 and 333-44371 on Form S-8 of Renaissance Worldwide, Inc., of our report dated March 12, 1998, on Neoglyphics Media Corporation as of December 31, 1997 and for the year then ended, appearing in this Form 10-K.

/s/ Katch, Tyson & Company

Katch, Tyson & Company
Certified Public Accountants

March 25, 1999

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 333-17565, 333-33475 and 333-44371 of Renaissance Worldwide, Inc. (formerly known as The Registry, Inc.) on Forms S-8 of our report dated February 28, 1997 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the accounting for an acquisition as a pooling-of-interests) appearing in this Form 10-K of Renaissance Worldwide, Inc.

Deloitte & Touche LLP

Boston, Massachusetts
March 26, 1999

INDEPENDENT ACCOUNTANT'S CONSENT

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-17565, 333-33475 and 333-44371) of Renaissance Worldwide, Inc. (formerly The Registry, Inc.) of our report dated February 27, 1998, on the financial statements of Triad Data, Inc. appearing in this Form 10-K.

Goldstein Golub Kessler LLP
March 26, 1999

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